

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 460** HLS 17RS 1019
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 9, 2017	10:29 AM	Author: BERTHELOT
Dept./Agy.: Dept. of Public Safety/Office of the State Fire Marshal		Analyst: Zachary Rau
Subject: Purchase of Group Insurance Policy for Volunteer		

FIRE PROTECT/FIREMEN EN +\$500,000 SD EX See Note Page 1 of 1

Authorizes the state fire marshal to purchase a specified group insurance policy for the benefit of certain volunteer members of fire companies

Present law creates the Two Percent Fire Insurance Fund and provides that proceeds to the fund shall be appropriated annually by the legislature in order of priority. Proposed law adds a priority to the Two Percent Fire Insurance Fund for the Office of the State Fire Marshal (OSFM) to receive revenues necessary to purchase a group critical insurance policy ("policy") for members of volunteer fire companies. Proposed law defines "fire company" and "volunteer member." Proposed law authorizes the OSFM to negotiate for and purchase the policy using funds provided for in present law. Proposed law sets conditions and criteria upon which a volunteer firefighter may make a claim against the policy. Proposed law provides for enrollment in the policy. Proposed law requires the OSFM to deliver written or electronic notice concerning policy requirements as to written notice of claim and written proof of loss including the period in which a claim must be filed. Proposed law requires fire companies to provide documents or materials necessary to implement proposed law to the OSFM. Proposed law allows the OSFM to promulgate rules in order to administer proposed law.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$500,000	\$400,000	\$400,000	\$400,000	\$400,000	\$2,100,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	(\$500,000)	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)	(\$2,100,000)
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will increase expenditures for the Dept. of Public Safety, Office of the State Fire Marshal (OSFM) from the statutorily dedicated Two Percent Fire Insurance Fund by an estimated \$500,000 in FY 18 and \$400,000 in FY 19 and subsequent fiscal years. The proposed legislation adds a priority to the Two Percent Fire Insurance Fund's disbursement chain and allows the OSFM to purchase a critical illness group insurance policy to provide a lump sum benefit for qualifying volunteer firefighters who are diagnosed with any disease or infirmity of the heart or lungs, stroke, or certain cancers presumed to have been caused by service as a volunteer member of a fire company.

The OSFM reports that purchase of the critical illness policy will require expenditures of \$500,000 in FY 18. FY 18 expenditures included an estimated \$400,000 for the critical illness policy and a one-time cost of \$100,000 for a vendor to update the Fire Marshal Information Management System. The OSFM would continue to pay \$400,000 for the critical illness policy in FY 19 and in subsequent fiscal years.

Proposed law will decrease aggregate funds for local governing authorities by \$500,000 in FY 18 and \$400,000 in subsequent fiscal years. The Two Percent Fire Insurance Fund has a disbursement chain that includes the OSFM, three fire emergency training centers (\$70,000 each, totaling \$210,000 annually), and local governing authorities except Orleans Parish. Once the obligations to the OSFM and fire emergency training centers are met, the balance of the fund is disbursed to local governing authorities for allocation to regularly paid and/or volunteer firefighting companies based on population criteria. With the proposed law adding a priority to the OSFM's list of obligations, local governing authorities will receive fewer financial resources as a result. The earmark for the critical illness group insurance policy is ahead of the local governing authorities disbursement. For reference, local disbursements totaled \$18.42 M in FY 14, \$21.03 M in FY 15, and \$19.33 M in FY 16.

For reference, the Two Percent Fire Insurance Fund has received a three-year (FYs 14-16) average deposit of approximately \$21.68 M and the adopted Revenue Estimating Conference forecast for FY 18 projects the fund receiving revenues of \$20.3 M. The fund accrues deposits via insurance excise tax revenues. The balance of the fund is expended every year and disbursed to local governing authorities for allocation to regularly paid and/or volunteer firefighting companies.

REVENUE EXPLANATION

Proposed law will decrease revenues accruing to local entities by \$500,000 in FY 18 and \$400,000 in subsequent FYs. The proposed legislation adds another prioritized expenditure to the list of items to be funded via the Two Percent Fire Insurance Fund in the OSFM's list of priorities. As a result of this new priority ahead of the local disbursement, revenues accruing to local governmental entities for allocation to fire companies for the purpose of rendering fire protection will decrease by an amount equal to the cost of the group insurance policy.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

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