

## Department of Planning and Budget 2017 Fiscal Impact Statement

1. **Bill Number:** HB1532ER

**House of Origin**     Introduced     Substitute     Engrossed

**Second House**     In Committee     Substitute     Enrolled

2. **Patron:** Wright

3. **Committee:** Passed Both Houses

4. **Title:** Fire Programs Fund

5. **Summary:** Increases the share of certain moneys in the Fire Programs Fund to be allocated to localities for the improvement of volunteer and career fire services from 75 percent to 80 percent. The measure has a delayed effective date of January 1, 2018.

6. **Budget Amendment Necessary:** Yes, (Transfer appropriation from Item 407 to Item 408).

7. **Fiscal Impact Estimates:** Final (see Item #8)

8. **Fiscal Implications:** Currently, the Fire Programs Fund (Fund) is funded by a 1 percent assessment of the total direct gross premium income for fire and related lines of insurance. The assessment is collected by the State Corporation Commission (SCC) on a calendar year basis and is made available for use by the Fund in June following the calendar year end. Recent disbursements to the Fire Programs Fund are shown in the following table:

Fiscal Year	Disbursement to Fire Program Fund (based on 1 percent assessment rate)
FY 2014	\$34,796,330
FY 2015	\$36,515,918
FY 2016	\$37,306,196

From the amounts disbursed to the Fund, Va. Code § 38.2-401.2(D) requires \$1 million be appropriated for the Fire Services Grant Program and \$100,000 be appropriated for the statewide Dry Fire Hydrant Grant Program. In addition, the Appropriation Act (Chapter 780, 2016 Virginia Acts of Assembly) requires \$160,810 be appropriated from the Fund to the Virginia Department of Emergency Management (VDEM) to support the department's hazardous materials training program. After these mandatory appropriations, 75 percent of the remaining funds are allocated to the counties, cities, and towns of the Commonwealth for improvement of fire services in localities ("Aid to Localities"). The remainder of the moneys (25 percent) is available for allocation from the Fund is to be used for the purposes of carrying out the powers and duties assigned to the Department of Fire Programs to include training and administrative support services for localities, and the payment of the compensation and costs

of expenses of the members of the Fire Services Board in performing their official duties. The Fund cannot be used for salaries or operating expenses associated with the Office of the State Fire Marshal.

The proposed legislation would increase the percentage of funds allocated to Aid to Localities from 75 percent to 80 percent which would reduce the amount available for the VDFP agency administration budget from 25 percent to 20 percent. Based on FY 2016 data, the VDFP agency administrative budget would be reduced by \$1,802,269. This loss of agency funding could result in the reduction of training classes offered to firefighters and potential layoffs to VDFP personnel who support the training efforts.

**9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission and Virginia Department of Fire Programs

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None