

Fiscal Estimate - 2005 Session

Original Updated Corrected Supplemental

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|---|---|
| LRB Number 05-3416/1 | Introduction Number AB-610 |
| Subject Reimbursement of cities and villages for fire calls on state highways | |
| Fiscal Effect | |
| State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs | |
| Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input checked="" type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts | |
| Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.395 (3) (eq) | |
| Agency/Prepared By DOT/ Richard Moss (608) 267-7830 | Authorized Signature Julie Johnson (608) 267-3703 |
| Date 9/6/2005 | |

Fiscal Estimate Narratives

DOT 9/6/2005

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|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number | 05-3416/1 | Introduction Number | AB-610 | Estimate Type | Original |
| Subject | | | | | |
| Reimbursement of cities and villages for fire calls on state highways | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

1. Cost per claim for a fire call is assumed to be \$425. This is based on the Department's experience in FY2005 when a total of \$221,777.33 was paid for 543 eligible fire call claims for an average of \$408.43. Fuel and other inflationary costs are expected to increase this by 4% in FY 2006 so that the average claim would increase to \$425.

2. This bill would permit cities and villages to claim reimbursement from DOT for any type of fire department being called out, but would have no other effect on eligibility of claims (fire equipment need not actually be used, just called out for a fire call).

3. The change would increase the number of municipalities eligible to file claims, adding 141 cities and 51 villages that are not currently eligible because of the type of fire department serving the community. Under current law only 48 of the 189 Wisconsin cities and 344 of the 395 villages are eligible to file fire claims. Thus 141 previously ineligible cities would now be eligible to file fire claims, for a factor of $141/189 = .746$ newly eligible cities. Similarly, 51 of the 395 villages would be newly eligible to file fire claims, for a factor of $51/395 = .13$ newly eligible villages.

4. The number of claims paid to cities is assumed to increase as follows: Data are available from CY 2004 vehicle crashes to establish the actual number of the types of claims. For cities, there were responses to 100 vehicle fires, 90 to deal with hazardous materials, 277 to extricate one person and 16 to extricate 2 persons for a total of 483 events in these categories. If it assumed that 90% of these are single type of incidents, then there would be $.746 \times 90 \times 483 = 324$ newly eligible incidents for cities for fires, material spills, and extrication. The cost for fire claims for these 324 events would be $324 \text{ incidents} \times \$425/\text{incident} = \$137,700$. There were also 3204 medical transport events for cities in CY 2004. Assume that a fire truck is called out in two-thirds (.67) of these incidents (not for fires, hazardous materials, or extrication). Using the same type of calculation as described above, there are $.746 \times .67 \times 3204 = 1601$ medical transport incidents for newly eligible cities. The cost for this would be $1601 \text{ incidents} \times \$425/\text{incident} = \$680,425$. In an analysis to the similar 2003 SB-222, the department merely assumed that there would be two new claims for each newly eligible city and one new claim for each newly eligible village. The current more detailed analysis shows that to be a vast underestimate of the total number of expected new claims.

5. The number of claims paid to villages is assumed to increase as follows: Data are available from CY 2004 vehicle crashes to establish the actual number of the types of claims. For villages, there were responses to 37 vehicle fires, 32 to deal with hazardous materials, 82 to extricate one person and 5 to extricate 2 persons for a total of 156 events in these categories. If it assumed that 90% of these are single type of incidents, then there would be $.13 \times 90 \times 156 = 18$ newly eligible incidents for villages for fires, material spills, and extrication. The cost for fire claims for these 18 events would be $18 \text{ incidents} \times \$425/\text{incident} = \$7,650$. There were also 776 medical transport events for cities in CY 2004. Assume that a fire truck is called out in two-thirds (.67) of these incidents (not for fires, hazardous materials, or extrication). Using the same type of calculation as described above, there are $.13 \times .67 \times 776 = 68$ medical transport incidents for newly eligible villages. The cost for this would be $68 \text{ incidents} \times \$425/\text{incident} = \$28,726$.

6. In addition to claims paid, there are also additional costs to process claims. Assuming a nominal average cost to process a claim of \$25, the additional 2011 claims per year would increase departmental costs by \$50,275.

7. The total new cost to the department, even if the rate of incidents does not increase in the coming years, would be \$904,776. This does not include any payments by the department for any non-vehicle fires such as grass fires or when the department makes payment when a fire truck is called out for such things as a vehicle's steaming broken heater hose.

7. Fire calls on connecting highways are assumed to not be eligible since this program establishes fire claims as a maintenance obligation of the maintaining authority. The local government has maintenance responsibility for connecting highways within that municipality and they receive connecting highway aids to cover those costs. Claims for fire calls on connecting highways are not eligible under existing law.

8. The bill provides no funding for these additional claims. The Bureau of Highway Operations would have to absorb the costs within the funds available to operate and maintain the state highway system. This would affect other services supporting mobility and safety on the existing highway system.

9. Assume that the amount of insurance payments is small in comparison to the proportion of the total dollar amount of new claim payments by the department. Too few incentives are built in to the program to pursue insurance claims and because there are the large number of uninsured motorists and motorists insured by other states (both categories have a low rate of payment for claims).

10. This is the companion bill to 2005 SB-276.

Long-Range Fiscal Implications

This bill increases the state's cost for what has traditionally been a local government service, fire protection. With the change to make all cities and villages eligible, the costs are expected to increase and there is reason to expect an increase in the maximum amount per claim related to full time professional fire departments providing these services.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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|--|---|--|-----------------|
| LRB Number 05-3416/1 | | Introduction Number AB-610 | |
| Subject | | | |
| Reimbursement of cities and villages for fire calls on state highways | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): | | | |
| II. Annualized Costs: | | Annualized Fiscal Impact on funds from: | |
| | | Increased Costs | Decreased Costs |
| A. State Costs by Category | | | |
| | State Operations - Salaries and Fringes | \$50,275 | |
| | (FTE Position Changes) | (0.5 FTE) | |
| | State Operations - Other Costs | 854,501 | |
| | Local Assistance | | |
| | Aids to Individuals or Organizations | | |
| | TOTAL State Costs by Category | \$904,776 | \$ |
| B. State Costs by Source of Funds | | | |
| | GPR | | |
| | FED | | |
| | PRO/PRS | | |
| | SEG/SEG-S | 904,776 | |
| III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.) | | | |
| | | Increased Rev | Decreased Rev |
| | GPR Taxes | \$ | \$ |
| | GPR Earned | | |
| | FED | | |
| | PRO/PRS | | |
| | SEG/SEG-S | | |
| | TOTAL State Revenues | \$ | \$ |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | | State | Local |
| | NET CHANGE IN COSTS | \$904,776 | \$ |
| | NET CHANGE IN REVENUE | \$ | \$854,501 |
| Agency/Prepared By | | Authorized Signature | Date |
| DOT/ Richard Moss (608) 267-7830 | | Julie Johnson (608) 267-3703 | 9/6/2005 |