



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

January 25, 2006

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 610/Senate Bill 276: Reimbursements to Cities and Villages for Fire Calls on State Highways

Assembly Bill 610 was introduced on August 16, 2005, and referred to the Committee on Urban and Local Affairs. On November 15, 2005, that Committee recommended the bill for passage on a vote of 7 to 0. On November 17, the bill was referred to the Joint Committee on Finance.

Senate Bill 276 was introduced on August 3, 2005, and referred to the Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform. On September 21, 2005, that Committee recommended the bill for passage on a vote of 5 to 0. On November 16, the bill was referred to the Joint Committee on Finance.

Assembly Bill 610 and Senate Bill 276 are identical.

BACKGROUND

Under current law, certain towns, villages, and cities can be reimbursed by DOT for expenses incurred by their fire departments for fire calls made for incidents on state highways. Reimbursements are limited to a maximum of \$500 per incident and the applying local government must submit written proof that a reasonable effort was made to collect the costs from the person for whom the fire call was provided or from the person's insurer.

All towns are eligible to receive reimbursement under these provisions, but not all villages and cities are eligible. A village may only be reimbursed if its fire department is an all-volunteer

department, while a city may only be reimbursed if its fire department is a combination of a paid and volunteer department.

By the Department's policy, reimbursements are made if the fire department is called to an incident for one of the following three purposes: (a) to extinguish a fire; (b) to use equipment to extract one or more vehicle occupants from a vehicle; and (c) to clean up spilled gasoline or other hazardous materials. It should be noted that it is not required that the fire department actually perform one of these activities, only that the department responded to a call in order to perform one of the activities.

Reimbursement amounts are paid from the state highway maintenance appropriation. In 2004-05, a total of \$222,777 was paid for 543 eligible claims.

SUMMARY OF BILLS

Assembly Bill 610 and Senate Bill 276 would make all villages and cities eligible for reimbursement for fire calls on state highways, regardless of whether their fire departments are paid or volunteer. The bills would specify that this provision would first apply to fire calls that occur on their effective date.

FISCAL EFFECT

The Department's fiscal note for the bills estimates that the number of claims would increase by 2,011 on an annual basis at a cost of \$854,500. In addition, DOT estimates that the Department would incur additional costs for processing an expected increase in the number of reimbursement claims. These costs are estimated at \$50,300, increasing the total fiscal effect to \$904,800.

A review of the Department's fiscal note suggested that additional information regarding the types of fire departments that would become eligible under the bills and the populations of the communities they serve could be used to provide an alternative estimate. Although done using a different methodology, the resulting estimate of \$1,052,800 in new claims is not that different than DOT's estimate. However, it should be noted that there remains a good deal of uncertainty about what would happen if the bills pass. The Department of Transportation indicates that, under the current program, about one-third of the claims are submitted by a single fire department (North Shore Fire Department in Milwaukee County), which suggests that the participation in the program is uneven. That is, some cities and villages choose to aggressively pursue reimbursement for fire calls, while others do not seek reimbursement at all or may be unaware of the program. The fiscal effect of AB 610/SB 276, therefore, may depend to a great degree on the interest in the program among the particular municipalities that would become eligible under the bills. If, for instance, one or more of the larger cities chooses to participate, the costs could be higher. If there is little interest among the larger cities, the additional costs would be lower. This level of participation could vary

over time, with a potential for increased interest as pressure increases to limit budget increases for fire departments derived from property taxes.

As noted in the background section, reimbursements under the program are made from the state highway maintenance program. The bills would not provide a funding increase to make additional payments, so the additional costs would have to be absorbed within that program. Reductions could have to be made to maintenance services, such as the maintenance provided on state highways by counties, or in other program functions, such as the maintenance of pavement markings, highway lighting, and traffic signals.

Prepared by: Jon Dyck