Legislative Fiscal Bureau

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

May 2, 2001 Joint Committee on Finance Paper #309

Fire Dues Distribution (Commerce -- Building and Environmental Regulation)

CURRENT LAW

Any insurer doing fire insurance business in the state must pay, subject to retaliatory and reciprocal insurance tax law provisions, fire department dues equal to 2% of the amount of all Wisconsin based premiums paid to the company during the preceding calendar year for insurance against loss by fire, including insurance on property exempt from taxation. In addition, fire department dues also include 2% of the premiums paid to the state fire fund for the insurance of any public property, other than state property. Fire dues revenues are collected by the Office of the Commissioner of Insurance.

Revenues received under the fire dues program are currently used for: (a) support of fire-fighter training programs in the Wisconsin Technical College System (WTCS); (b) Department of Commerce administration of local fire prevention programs and fire dues payments; and (c) distribution of a proportionate share of the remaining revenue to each city, village or town maintaining a fire department that complies with state law. The fire dues distribution appropriation is estimated at $7,000,000 PR annually in a continuing appropriation.

GOVERNOR

No provision.

DISCUSSION POINTS

1.   The statutes direct Commerce to transfer the appropriated amounts to WTCS and the Commerce administrative appropriation, withhold 0.5% of the remaining fire dues revenues and distribute the remaining revenues (including unexpended funds from the prior year) to municipal fire departments. The premiums paid for any calendar year are certified by Commerce for

distribution in the following year. For example, fire dues for calendar year 1999 were certified in May, 2000 and paid in June, 2000, from the 1999-00 appropriation. The distribution of calendar year 1999 fire dues to municipalities was $8.2 million. The table shows the total expenditures of fire dues revenues from 1994-95 through 1999-00.

Distribution of Fire Dues
1994-95 to 1999-00

Fiscal Year	Total Revenue Distributed	Revenue % Change	WTCS Programs	Commerce Administration	Local Fire Departments
1994-95	$8,016,743	8.05%	$667,911	$510,159	$6,838,673
1995-96	7,826,352	-2.37	523,104	529,367	6,773,881
1996-97	8,424,694	7.65	703,519	480,487	7,240,688
1997-98	8,347,984	-0.91	667,982	598,515	7,081,487
1998-99	9,592,913	14.91	777,988	593,520	8,221,405
1999-00	9,636,035	0.45	787,617	622,119	8,226,299

2. Although fire dues revenue levels vary from year to year, the total fire dues distribution to local fire departments has increased by more than $1.3 million over the past five years.

3. While the amounts available for distribution to local fire departments in 2000-01 will not be available until May, 2001, a 1.5% annual increase would result in a distribution to local fire departments of $8,350,000 in 2000-01, $8,475,000 in 2001-02 and $8,600,000 in 2002-03.

4. The appropriation for distribution to local fire departments could be increased from the $7,000,000 base funding level to more accurately reflect the actual and estimated amount available for fire dues distribution to local fire departments. If the appropriation is not reestimated, the distribution would still be made of all amounts not appropriated to WTCS programs and Commerce administration. However, because the intent of the statutory appropriation schedule is to reflect the best estimate of anticipated expenditures for the biennium, the appropriation level should be adjusted.

MODIFICATION TO BASE

Reestimate the appropriation for fire dues distribution to local fire departments from $7,000,000 to $8,475,000 in 2001-02 (an increase of $1,475,000) and $8,600,000 in 2002-03 (an increase of $1,600,000).

Modification	PR
2001-03 FUNDING (Change to Base)	$3,075,000
[Change to Bill	*$3,075,000]*

Prepared by: Kendra Bonderud