



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #554

### **Fire Department Dues Distribution Reestimate (Safety and Professional Services)**

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#### **CURRENT LAW**

Any insurer doing fire insurance business in the state must pay fire department dues equal to 2% of the amount of all Wisconsin-based premiums paid to the company for insurance against loss by fire, including insurance on property exempt from taxation. After deductions for certain fire prevention programs at the Department of Safety and Professional Services (DPS) and the Wisconsin Technical College System (WTCS), DPS distributes the program revenues (PR) to each city, village or town maintaining a local fire department that complies with state law. Fire dues payments may only be used for eligible activities related to operation of a fire department.

Insurers pay the fire dues to the Office of the Commissioner of Insurance (OCI). OCI is statutorily required to notify DPS of the fire dues revenue amount by May 1 of each year. DPS is statutorily required to calculate, by May 1 of each year, the proper amount of fire dues to be paid to each qualifying city, village or town. After DPS subtracts the appropriated amounts for a DPS fire safety administrative appropriation and WTCS fire fighter training appropriations, and makes specified adjustments, the resulting amount is distributed to municipalities. DPS distributes a proportionate share of the fire dues revenues based on the equalized valuation of real property improvements on land within the qualifying towns, villages and cities. In 2019-20, DPS distributed \$22.4 million to 1,830 local governments that maintain a fire department. In 2020-21, OCI certified that the total gross fire dues revenue is \$25.5 million and that DPS will distribute an estimated \$23.8 million to local governments that maintain a fire department.

#### **MODIFICATION**

Provide \$1,670,000 in 2021-22 and \$2,160,000 in 2022-23 to reestimate the fire dues distribution as \$24,230,000 in 2021-22 and \$24,720,000 in 2022-23 to local governments that maintain eligible fire departments.

**Explanation:** The appropriation for fire dues distribution to local fire departments is a continuing appropriation estimated to include the available revenues. The Legislature has included a re-estimate in the last several biennial budgets to include the amount expected to be available. Under 2019 Wisconsin Act 9, the Legislature re-estimated the fire dues distribution appropriation to \$22,560,000 in both 2019-20 and 2020-21. The actual amount of fire dues distributed to local fire departments in 2020-21 will be approximately \$23.8 million. Based on current estimates of available fire dues revenue, approximately \$24,230,000 would be available in 2021-22 for distribution to local governments with eligible fire departments, and \$24,720,000 in 2022-23. The estimates assume growth of about 2% per year in gross fire dues collections, which is approximately half of the average annual revenue growth over the last 10 years.

Change to Base	
PR	\$3,830,000

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