



**Colorado
Legislative
Council
Staff**

HB17-1278

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0451 **Date:** March 24, 2017
Prime Sponsor(s): Rep. Exum; Pettersen **Bill Status:** House Local Government
 Sen. Garcia; Guzman **Fiscal Analyst:** Chris Creighton (303-866-5834)

BILL TOPIC: INSURANCE PREMIUM TAX DEPOSIT TO LOCAL FIREFIGHTER FUND

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019	FY 2019-2020
State Revenue			
<i>State Transfers</i>	\$0	\$0	\$0
General Fund	(2,500,000)	(2,500,000)	(2,500,000)
Cash Funds	2,500,000	2,500,000	2,500,000
State Expenditures	<u>\$2,500,000</u>	<u>\$2,500,000</u>	<u>\$2,500,000</u>
Cash Funds	2,485,669	2,485,669	2,485,669
Centrally Appropriated Costs	14,331	14,331	14,311
Appropriation Required: None, funds are continuously appropriated.			
Future Year Impacts: None.			

Summary of Legislation

This bill requires the state treasurer to deposit \$2.5 million of the proceeds from the tax on insurance premiums to the Local Firefighter Safety and Disease Prevention Fund for three fiscal years beginning July 1, 2017. The Division of Fire Prevention and Control in the Department of Public Safety (DPS) is required to report annually on the use of these funds to the Department of Local Affairs, Office of State Planning and Budgeting, and the General Assembly.

Background

The Local Firefighter Safety and Disease Prevention Fund was created in 2014 by Senate Bill 14-046 to award need based grants to provide funding or reimbursement to governing bodies or volunteer fire departments for equipment and training designed to increase firefighter safety and prevent occupational diseases. This fund is continuously appropriated. The DPS is authorized to spend up to three percent per year to administer the grant program. In 2015, \$3.15 million in grant funding was awarded and \$3.23 million was awarded in 2016. To wind down this program, the DPS requested a reduction of \$1.35 million and 1.5 FTE in its FY 2017-18 budget request.

State Revenue

This bill authorizes the following state transfers. There is no change in revenue as a result of this bill.

State transfers. Beginning in FY 2017-18 and continuing through FY2019-20, \$2.5 million is transferred from the General Fund to the Local Firefighter Safety and Disease Prevention Fund.

State Expenditures

Beginning in FY 2017-18, and continuing for three years, this bill increases expenditures by \$2.5 million for the Local Firefighter Safety and Disease Prevention Fund. These costs are shown in Table 1 and discussed below.

Table 1. Expenditures Under HB17-1278			
Cost Components	FY 2017-18	FY 2018-19	FY 2019-20
Personal Services	\$33,513	\$33,513	\$33,513
FTE	0.5 FTE	0.5 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	475	475	475
Mileage	6,120	6,120	6,120
Board Expenditures	8,500	8,500	8,500
Peer Review Process	12,061	12,061	12,061
Fire Safety Grant	2,425,000	2,425,000	2,425,000
Centrally Appropriated Costs*	14,331	14,331	14,331
TOTAL	\$2,500,000	\$2,500,000	\$2,500,000

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Public Safety. The DPS will use up to three percent or up to \$75,000 of the transferred funds for the administration of the grant program. Administrative costs are based on current grant program spending, and include 0.5 FTE for coordinating the grant program, application review costs, and costs associated with the merit-based peer review process and input of the Fire Service, Training, Certification, and Firefighter Safety Advisory Board. Actual expenses may vary depending on the number of grant applications received. To the extent that less than \$75,000 is spent on grant administration, more funds will be available for grant awards.

General Fund. By transferring \$2.5 million from the General Fund to the Local Firefighter Safety and Disease Prevention Fund, the amount of General Fund money available for other uses will decrease by \$2.5 million beginning in FY 2017-18 and continuing for three years.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB17-1278			
Cost Components	FY 2017-18	FY 2018-19	FY 2019-20
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,412	\$4,412	\$4,412
Supplemental Employee Retirement Payments	3,003	3,003	3,003
Indirect Costs	6,916	6,916	6,916
TOTAL	\$14,331	\$14,331	\$14,331

Local Government Impact

This bill continues local government workload to apply for fire safety grant funding and increases revenues and expenditures for local governments that are awarded grant funding.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Information Technology
Office of State Planning and Budgeting
Regulatory Agencies

Local Affairs
Public Safety
Treasury