



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #639

Fire Department Dues Distribution Reestimate (Safety and Professional Services)

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 (DSPS) and the Wisconsin Technical College System (WTCS), DSPS 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 DSPS of the fire dues revenue amount by May 1 of each year. DSPS 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 DSPS subtracts the appropriated amounts for the DSPS administrative appropriation and the two WTCS fire fighter training appropriations, and makes specified adjustments, the resulting amount is distributed to municipalities. DSPS 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 2017-18, DSPS distributed \$19.9 million to 1,843 local governments that maintain a fire department. In 2018-19, OCI certified the total gross fire dues revenue is \$23.4 million and DSPS will distribute an estimated \$22.0 million to local governments that maintain a fire department.

GOVERNOR

Maintain the base level estimate of \$20,530,000 PR annually for fire dues distribution.

MODIFICATION

Provide \$1,550,000 in 2019-20 and \$2,030,000 in 2020-21 to reestimate the fire dues distribution as \$22,080,000 in 2019-20 and \$22,560,000 in 2020-21 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. Although the Governor's budget has not reestimated this appropriation, the Legislature has included a reestimate in the last several biennial budgets to include the amount expected to be available. Under 2017 Wisconsin Act 59, the Legislature reestimated the fire dues distribution appropriation to \$20,310,000 in 2017-18 and \$20,530,000 in 2018-19. The actual amount of fire dues distributed to local fire departments in 2018-19 will be approximately \$22.0 million. Based on current estimates of available fire dues revenue, approximately \$22,080,000 would be available in 2019-20 for distribution to local governments with eligible fire departments, and \$22,560,000 in 2020-21. 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	Bill
PR	\$3,580,000	\$3,580,000

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