

Minnesota Department of Public Safety



Fire Safety Account *Financial Report for Fiscal Year 2010*



Overview of Fire Safety Account – Fiscal Year 2010

The 2006 Legislature established a fire safety insurance surcharge on homeowner and certain commercial insurance policies. The fire safety account was created to hold the revenues from this surcharge. The bill abolished the fire insurance tax which had been in law for decades, the proceeds of which went into the state general fund.

The legislation created a Fire Service Advisory Committee to make recommendations to the Commissioner of Public Safety on how to spend the money in the account. These revenues may only be spent (1) for the Minnesota Board of Firefighter Training and Education, (2) for programs and staffing for the State Fire Marshal Division, and (3) for fire-related regional response team programs and any other fire service programs that have the potential for statewide impact. The committee is made up of representatives of the state fire service associations, local units of government and the insurance field.

The Department of Revenue estimated collections into this account for fiscal year 2010 at \$12,700,000. Actual revenues were \$12,165,136 when the fiscal year accounts were closed. Insurance companies submit their surcharge collections on a quarterly basis, on or before May 15, August 15, November 15 and February 15 each year.

The 2009 Legislature directed that for FY10 and into the future, base funding of \$604,000 per year for the Homeland Security & Emergency Management division of the Department of Public Safety's hazardous materials and chemical assessment teams come from the Fire Safety Account rather than the General Fund. State Fire Marshal operations are funded from the Fire Safety Account and the 2009 Legislature also imposed a \$100,000 cut to the State Fire Marshal for FY10 and forward. The 2009 Legislature also directed an additional expenditure from the Fire Safety Account of \$125,000 for FY10 for firefighter training. Lastly, the 2009 Legislature imposed a \$100,000 per year additional transfer from the Fire Safety Account to the General Fund for FY10 and continuing forward. The 2010 Legislature then also imposed a further, one-time FY10 transfer of \$6,900,000 to the General Fund. These transfers from the Fire Safety Account are in addition to the ongoing statutory transfers to the General Fund of \$2,368,000 per year.

The Fire Service Advisory Committee meets quarterly to review the account's status and use of the funds. This committee forwards their biennial budget recommendations to the commissioner.

Fiscal year 2010 fire safety account activity:

Balance Forward from FY2009	\$4,471,478
Collections from Fire Safety Premiums	\$12,165,136
Resources available	\$16,636,614
Transfer to General Fund	\$9,168,000
Transfer to State Fire Marshal	\$4,287,000
Transfer to Board of Firefighter Training	\$1,400,000
Transfer to Homeland Security & Emergency Management	\$604,000
Total Transfers	\$15,529,000
Account Balance end of FY2010	\$1,107,614