



Office of the Commissioner

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February 24, 2009

Alcohol
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Bureau of
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Emergency
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Homeland
Security and
Emergency
Management

Minnesota
State Patrol

Office of
Communications

Office of
Justice Programs

Office of
Traffic Safety

State Fire
Marshal

The Honorable Linda Higgins, Chair
The Honorable Bill Ingebrigtsen
Minnesota Senate
Public Safety Budget Division

The Honorable Michael Paymar, Chair
The Honorable Paul Kohls
Minnesota House of Representatives
Public Safety Finance Division

Dear Colleagues:

Minnesota Statutes 299F.012 Subd. 3, requires that the commissioner of Public Safety provide an accounting of how the funds in the Fire Safety Account were spent in the preceding fiscal year and report on any funds not spent in a fiscal year, to the chairs of the committees in The House of Representatives and the Senate having jurisdiction over public safety finance.

Enclosed is the report for your review.

Additional information about the Fire Services Advisory Committee which oversees the Fire Safety Account, can be found via the Department of Public Safety / State Fire Marshal Web site at: <http://www.dps.state.mn.us/fmarshal/fmarshal.html>

If you have any questions regarding this report, please feel free to contact Jerry Rosendahl, State Fire Marshal at 651 201-7201.

Sincerely,

A handwritten signature in black ink that reads "Michael Campion".

Michael Campion, Commissioner

c: Legislative Reference Library

Minnesota Department of Public Safety



Fire Safety Account Financial Report for Fiscal Year 2008



Overview of Fire Safety Account – Fiscal Year 2008

The 2006 Legislature passed the Fire Safety Account bill which 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 bill 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 2008 at \$7,400,000. Actual revenues were significantly less at \$6,026,879 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 first collections into this account were due on or before November 15, 2007. To replace the previous tax which went into the state general fund, a transfer is made each year back to the general fund. \$468,000 was transferred in state fiscal year 2008 as spelled out in the law.

The Fire Service Advisory Committee was formed and began meeting in September 2006 to establish procedures and criteria for making their recommendations to the commissioner on how to spend the money. Their initial plans had to be scaled back several times as the revenue collections and projections were adjusted downward.

An initial "cash flow" was established for the State Fire Marshal Division to operate on starting July 1, 2007 since there would be no revenues in the account until November 15, 2007 and there was no longer any funding being provided by the state general fund. In addition to the \$468,000 which was transferred to the general fund, a "carry-over" reserve amount of \$736,000 was established in the account for the continued operation of the State Fire Marshal Division into fiscal year 2009. Thus, there were very limited revenues available in the account until very late in fiscal year 2008 for the Board of Firefighter Training and Education or the special response teams – or for new programs in the Fire Marshal Division.

As of the state fiscal year closing, the \$6,026,879 in the account was allocated as follows - \$468,000 transferred to the general fund, \$3,815,000 to the Fire Marshal Division, \$5,000 to the Board of Firefighter Training and Education, and \$736,000 as carryover for the Fire Marshal Division. The balance in the account was \$1,002,879. This amount was essentially not known until the fiscal year closing since the last quarterly payment credited to the account in state fiscal year 2008 was not due to the state until May 15. A total of \$1,667,244 was collected in May through the closing of the fiscal year.

Fire Safety Account
FY 2008
worksheet created 2-13-09

	FY 2008
Resources:	
Balance Forward In:	-
Revenues:	
Surcharge on Fire Safety Premiums through FY closing)	<u>6,026,879</u>
Total resources and revenues	6,026,879
Transfers:	
Transfers to General Fund	473,000
Transfers to Fire Marshal	3,815,000
Transfers for Fire Related Regional Response Teams	
Transfer to MN Firefighter Training & Educ. Board	-
Account balance carried forward to FY 2009	1,738,879

Department of Public Safety
 RECEIPTS REPORT

02/20/09

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APPROP	REVENUE		FY	DESCRIPTION	DOC NUMBER	"ACCP" & "RECORD" DATE	PAYING AGENCY	AMOUNT
UNIT	FUND	ORGN #	SOURCE CODE					
			2008					
						October	\$	21,503.35
						November	\$	1,555,139.65
						December	\$	267,907.69
						January	\$	424,675.68
						February	\$	1,658,608.51
						March	\$	24,214.46
						April	\$	407,585.86
						May	\$	962,066.58
						June	\$	197,920.15
						July 1 to Close	\$	507,257.34
						REVENUE SOURCE TOTAL	6265	6,026,879.27