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FISCAL IMPACT STATEMENT

LS 7178

BILL NUMBER: SB 472

NOTE PREPARED: Feb 15, 2007

BILL AMENDED: Feb 15, 2007

SUBJECT: Public Safety Fund Management

FIRST AUTHOR: Sen. Wyss

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *State Disaster Relief Fund:* This bill allows an individual who has incurred loss because of a disaster to apply for a grant from the State Disaster Relief Fund.

Indiana Homeland Security Foundation: This bill requires the Department of Homeland Security (DHS) to provide staff support to the Indiana Homeland Security Foundation. The bill removes administration of the foundation from the duties of the DHS Division of Preparedness and Training.

Arson Investigation Financial Assistance Fund: The bill authorizes the DHS Division of Fire and Building Safety to receive money from the statewide Arson Investigation Financial Assistance Fund for purposes of fire investigation. The bill removes the authority of the State Fire Marshal (SFM) to distribute money from the arson fund. The bill authorizes the SFM to accept gifts for deposit in the arson fund.

Fire and Building Services Fund: The bill provides that the Firefighting and Emergency Equipment Revolving Loan Fund becomes the Fire Training Infrastructure Fund, and transfers money in the fund to the Fire and Building Services Fund for statewide fire training. It requires payment of loans outstanding from the revolving fund to the DHS for deposit in the Fire and Building Services Fund for statewide fire training.

Regional Public Safety Training Fund: The bill creates the Regional Public Safety Training Fund.

Effective Date: July 1, 2007.

Explanation of State Expenditures: (Revised) *State Disaster Relief Fund:* This bill allows an individual who has incurred loss because of a disaster to apply to the DHS for a grant from the State Disaster Relief

Fund. As of Feb 14, 2007, the fund had a free balance of \$1 M. The provision could result in expenditures from the fund. The specific amount that will be expended is indeterminable.

Indiana Homeland Security Foundation: The bill removes the responsibility to provide staffing from the DHS Division of Preparedness and Training; however, the DHS is still required to provide staffing. This requirement will not affect DHS overall expenditures because the DHS currently provides staff to the Foundation.

Arson Investigation Financial Assistance Fund: The bill authorizes the DHS Division of Fire and Building Safety to receive money from the statewide Arson Investigation Financial Assistance Fund for purposes of fire investigation. The DHS currently administers the fund. Under existing law, the fund may be used to provide financial assistance to prosecuting attorneys; local police departments; the Indiana State Police; arson task forces; and fire departments that have arson investigating teams or arson task forces. Adding an additional entity that may use the fund could reduce revenue available for existing entities. However, no funds have been distributed to local units or the State Police for at least five years. The bill removes the authority of the State Fire Marshal to distribute money from the arson fund. The bill authorizes the SFM to accept gifts for deposit in the arson fund. As of January 2007, there was \$22,000 in the fund.

Regional Public Safety Training Fund: The bill creates the Regional Public Safety Training Fund for the purpose of providing regional and advanced training for public safety service providers. The DHS is to administer the fund. Administrative expenses are to be paid from the Fund. The Treasurer of State must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments must be deposited in the fund. Money in the fund at the end of a state fiscal year does not revert to the state General Fund. Any amount remaining in the fund at the end of a state fiscal year that was not appropriated to the fund must be transferred to the Fire Training Infrastructure Fund.

Current law requires that the **public safety fee** be deposited in the state General Fund. The proposal does not change this provision.

However, the proposal also requires that the Department of State Revenue (DOR) must annually transfer the monies received from the public safety fees as follows:

- (1) \$2 M must be deposited in the Regional Public Safety Training Fund.
- (2) Any additional monies received must be deposited in the State Disaster Relief Fund.

Retailers were required to begin collecting the Public Safety Fee in July 2006. **From July to October 2006, the fee generated \$2.2 M.**

Background: For FY 2006 and FY 2007, DHS was appropriated \$1.7 M for each year from the state General Fund and \$11.2 M for each year from the Fire and Building Services Fund.

IC 22-11-14-12 imposes a public safety fee on retail transactions of fireworks made in Indiana. A person who buys the fireworks is liable for the fee and must pay the fee to the retailer. The retailer collects the fee as an agent for the state and forwards the collections to the Department of Revenue. The fee is based on the gross retail income received by a retail merchant in a retail unitary transaction of fireworks and is imposed at the following rates:

Public Safety Fee	Gross Retail Income from a Unitary Transaction
\$ 0	less than \$ 0.10
\$ 0.01	at least \$ 0.10 but less than \$ 0.30
\$ 0.02	at least \$ 0.30 but less than \$ 0.50
\$ 0.03	at least \$ 0.50 but less than \$ 0.70
\$ 0.04	at least \$ 0.70 but less than \$ 0.90
\$ 0.05	at least \$ 0.90 but less than \$ 1.10
5%	more than \$1.10

Explanation of State Revenues: (Revised) *Fire and Building Services Fund:* The bill provides that the Firefighting and Emergency Equipment Revolving Loan Fund becomes the Fire Training Infrastructure Fund, and transfers money in the fund to the Fire and Building Services Fund for statewide fire training. It requires payment of loans outstanding from the revolving fund to the DHS for deposit in the Fire and Building Services Fund for statewide fire training. Currently, the DHS has 4 entities that have outstanding loans from the revolving fund. The total debt owed is about \$50,000. The bill replaces the revolving fund with a fund to be used by the DHS for training.

The Fire and Building Services Fund currently also receives revenue from fire insurance policy premium taxes and other fees collected by DHS.

Explanation of Local Expenditures:

Explanation of Local Revenues: *State Disaster Relief Fund:* This bill allows an individual who has incurred loss because of a disaster to apply for a grant from the State Disaster Relief Fund. Under existing law, the fund may be used to provide financial assistance to prosecuting attorneys; local police departments; the Indiana State Police; arson task forces; and fire departments that have arson investigating teams or arson task forces. The bill allows the fund to also be used by the DHS Division of Fire and Building Safety for purposes of fire investigation. Adding an additional entity that may use the fund could reduce revenue available for local entities. However, no funds have been distributed to local units or the State Police for at least five years. As of January 2007, there was \$22,000 in the fund.

State Agencies Affected: DOR, DHS.

Local Agencies Affected: Prosecuting attorneys; local police departments; and fire departments that have arson investigating teams or arson task forces.

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