

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7178**

**BILL NUMBER: SB 472**

**NOTE PREPARED: Apr 9, 2007**

**BILL AMENDED: Apr 9, 2007**

**SUBJECT: Public Safety Fund Management**

**FIRST AUTHOR: Sen. Wyss**

**FIRST SPONSOR: Rep. Reske**

**BILL STATUS: 2<sup>nd</sup> Reading - 2<sup>nd</sup> House**

**FUNDS AFFECTED:  GENERAL  
 DEDICATED  
 FEDERAL**

**IMPACT: State & Local**

**Summary of Legislation:** *State Disaster Relief Fund:* This bill allows a township or 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.

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

*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 Training Infrastructure Fund:* The bill abolishes the Firefighting and Emergency Equipment Revolving Loan Fund. It establishes the Fire Training Infrastructure Fund. Payment of loans outstanding from the revolving fund to the DHS must be deposited in the Fire Training Infrastructure Fund.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** *State Disaster Relief Fund:* This bill allows an individual or a township 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.

*Fire Training Infrastructure Fund:* The bill establishes the Fire Training Infrastructure Fund. The fund is to be used to provide grants to construct training facilities and purchase training equipment and to pay the administrative costs. The Division of Fire and Building Safety must administer the fund. The fund consists of appropriations; donations, grants, and money received from any other source; amounts that the DHS transfers to the fund from the Fire and Building Services Fund; and amounts that the DHS transfers to the fund from the Regional Public Safety Training Fund.

The Treasurer of State must invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Money in the fund at the end of the fiscal year does not revert to the state General Fund. The fund is subject to an annual audit by the State Board of Accounts. The fund must pay all costs of the audit.

*Firefighting and Emergency Equipment Revolving Loan Fund:* The bill provides that the Firefighting and Emergency Equipment Revolving Loan Fund remains in existence after June 30, 2007, if any money remains in the fund on June 30, 2007. Money that remains in the loan fund on June 30, 2007, does not revert to the state General Fund. Deposits or transfers may not be made to the loan fund, and new loans may not be made from the loan fund after June 30, 2007.

Money remaining in the loan fund on June 30, 2007, must be transferred before August 1, 2007, to the Fire Training Infrastructure Fund.

If money in the loan fund is transferred, the loan fund is abolished immediately after the transfer.

If a loan remains outstanding on June 30, 2007, the borrower must repay the loan to the DHS for deposit in the Fire Training Infrastructure Fund.

Currently, the DHS has 4 entities that have outstanding loans from the revolving fund. The total debt owed is about \$50,000.

*(Revised) 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.

Currently, the public safety fee is deposited in the state General Fund. The proposal provides that the Department of State Revenue 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:** See *Explanation of State Expenditure* above.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *State Disaster Relief Fund:* This bill allows an individual or a township that 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.

*Fire Training Infrastructure Fund:* The bill provides that the fund is to be used to provide grants to construct training facilities and purchase training equipment. It would appear that local units could request grants. The amount of revenue local units would receive is indeterminable.

**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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