

House Bills 5347 and 5348
Sponsor: Rep. Jason Allen
Committee: Insurance and Financial
Services

Complete to 5-28-02

A SUMMARY OF HOUSE BILLS 5347 AND 5348 AS INTRODUCED 10-29-01

The bills would revise fire fighter training standards, revise the membership of the Fire Fighters Training Council, and impose a fee on insurers writing homeowners, farm, and commercial peril insurance policies to provide funding for fire fighter training. The bills are tie-barred to each other.

House Bill 5147 would amend the Fire Fighters Training Council Act (MCL 29.362). The council is required to prepare and publish standards with regard to physical educational, mental, and moral fitness to govern the recruitment, selection, and appointment of fire fighters, approve fire fighter training schools, and establish regional training centers. The bill would make several amendments to the act, including amendments to:

- Delete a provision requiring the council to develop and provide to fire departments a videotape to be used in training fire fighters.
- Delete several references to “other organizations”, when referring to fire departments and other organizations served by the council, (however, the bill would also *add* this term in one provision).
- In the membership of the council, add a member appointed to the council by the governor from a list of names submitted by the Michigan Fire Service Instructors Association, and delete a member similarly appointed from a list of names submitted by the Metropolitan Club of America.
- Delete the requirement that members appointed to represent fire chiefs and fire fighters be “active” members or fire fighters.
- Delete references to the executive secretary of the council, and refer instead to the executive director of the council.
- With regard to the examination administered by the council, delete specific references to certain standards of the National Fire Protection Association, and refer instead to standards contained in administrative rules promulgated by the council, and delete a requirement that the examination be administered in two parts (corresponding to the specific standards that the bill would revise).

Fire Fighters Training Fund. Under current law, a fire fighters training fund exists in the state treasury, and the statute requires the legislature to appropriate sums from the fund for the

purposes of the act. However, in no case can an appropriation be made that is in excess of 75 percent of the amounts paid into the fund. The bill would delete this provision and specify instead that the fund would be made up of money collected under a provision of the Insurance Code (proposed in House Bill 5348) that would assess insurers a percentage of earned premium on homeowner, farm, and commercial perils policies (see below). Further, the bill specifies that the money in the fund would be restricted and would not revert to the general fund at the end of any fiscal year, and that the money would be available for the purposes for which the fund was created. Any interest or earnings on the fund would be deposited back into the fund. The bill would require that the fund be audited by the auditor general every two years.

Under the bill, the council would be required to annually distribute the fund as follows: 75 percent would be distributed to fire departments to be used for the training of fire fighters, up to 25 percent (or a maximum of \$2 million) to pay the reasonable operational costs of the council, and any balance to remain in the fund for disbursement the following year.

A fire department receiving a disbursement from the fund would be required to use the entire amount for fire fighter training and any equipment and services directly used for the training. The training would have to occur within three years after receiving a disbursement. A fire department that failed or refused to abide by these requirements would be disqualified from receiving an additional disbursement until the department demonstrated that the entire prior payment was used in the required manner.

Disbursements from the fund would be made in annual installments on a date determined by the council. Funds would be disbursed to fire departments using a weighted formula based 50 percent on population and 50 percent on the state equalized value of property within the respective local units of government. Each fire department would receive a minimum disbursement.

A fire department using money from the fund would have to keep detailed records of the actual costs association with preparation and administration of, and conducting, its training program, and would have to report annually to the council on the results of its training program.

The council would be required to report annually to the governor and the legislature, including information regarding standards established under the act, the degree of participation of municipalities, and the nature of disbursements from the fund.

Money from the fund could not be disbursed for:

- Fire fighter training conducted by an out-of-state provider, or conducted out of state, unless approved by the council.
- Meal expenditures in excess of the per diem meal expenditures authorized for state civil service employees.
- Expenditures for alcoholic beverages.

- Travel costs association with fire fighter training programs, unless the training was the sole purpose of the program or unless the program offered at least six hours of qualified fire fighter training within a 24-hour period.

- Wages of fire fighters attending fire fighter training, subject to limitations currently spelled out in the act (\$12.50 per fighter, plus \$8.00 for living expenses, with both amounts required to be matched by the local unit of government).

House Bill 5348 would amend the Insurance Code (MCL 500.452) to impose on insurers, as a condition of their authority to transact business in the state, an assessment of 0.5 percent of direct earned premium written on certain classes of insurance for a risk (e.g., property or person) residing or located in the state for the prior calendar year. The assessment would apply to homeowners multiple peril, farmowners multiple peril, and commercial multiple peril (both liability and nonliability) policies.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.