



TO: Volunteer Firefighter Relief Association Working Group
FROM: Lawrence A. Martin, Executive Director
RE: Document LCPR04-292; Adding MFIRS Reporting to Minimum Fire Department Requirements for Fire State Aid Qualification
DATE: November 16, 2004

Summary of Document LCPR04-292

Document LCPR04-292 amends Minnesota Statutes, Section 69.011, Subdivisions 4 and 5, the minimum fire department requirements for qualifying for fire state aid and the State Fire Marshal fire department inspection provisions, by adding regular reporting to the State Fire Marshal through the Minnesota Fire Incident Reporting System (MFIRS) as a minimum fire department requirement for fire state aid qualification and by updating the language usage and style of the State Fire Marshal's inspection provision.

Background Information on the Development of the Fire State Aid Program

The fire state aid program was initially established in 1885 (Laws 1885, Chapter 187) and was significantly modified in 1903, 1943, 1945, 1969, 1971, 1988, 1991, 1995, and 1996.

In 1903 (Laws 1903, Chapter 20), the fire insurance premium tax was raised to the two percent premium tax level and specified uses for the money modified, with the funds to be used to provide retirement and disability benefits to fire department members and their survivors, and to help maintain the fire department, including covering purchase and maintenance costs of fire equipment. In 1943 (Laws 1943, Chapter 323, Section 2), the authority to use the fire state aid to purchase fire equipment and to cover other costs of operating the fire service was deleted. In 1945 (Laws 1945, Chapter 225), the use of fire state aid for firefighting equipment purposes was permitted only if no firefighter relief association is associated with the fire department. In 1969 (Laws 1969, Chapter 399), the fire state aid allocation method was modified, shifting it from the location of insured property for each premium tax payment to a distribution half in proportion to the population according to the last federal census and half in proportion to property market values, excluding mineral values but including tax-exempt property. The 1969 law also established minimum fire department requirements for fire state aid qualification and required fire relief association financial reporting. In 1971 (Laws 1971, Chapter 695), minimum volunteer firefighter relief association funding and financing requirements were added and compliance with the 1971 Volunteer Firefighter Relief Association Financing Guidelines Act was made a condition for fire state aid. In 1988 (Laws 1988, Chapter 719, Article 2, Sections 1 to 5), the fire and related insurance premium tax rates were reduced for certain mutual insurance companies. In 1991 (Laws 1991, Chapter 291, Article 13), the fire state aid program appropriation was reduced to the amount of fire insurance premium taxes raised. In 1995 (Laws 1995, Chapter 264, Article 9, Section 3), insurance premium tax rates were increased to two percent of all life insurance premiums, one percent of all other insurance premiums for all town and farmers' mutual insurance companies and for the smaller mutual property and casualty companies (assets of no more than \$5 million) and 1.26 percent of all other insurance premiums for the larger mutual property and casualty companies (assets over \$5 million and no greater than \$1.6 billion) and increased the insurance premium tax revenue dedicated to the fire state aid program to the greater of either 107 percent of the fire, lightning, sprinkler leakage, and extended coverage insurance premium taxes collected or an amount equal to one percent of the fire, lightning, sprinkler leakage, and extended coverage premiums written by town and farmers' mutual insurance companies and by mutual property and casualty companies with assets not exceeding \$5 million and to two percent of the fire, lightning, sprinkler leakage, and extended coverage premiums written by all other fire risk insurers. In 1996 (Laws 1996, Chapter 390, Sections 29 and 30), a minimum fire state aid floor amount for volunteer firefighter relief associations was implemented that would otherwise receive a disproportionately small amount of fire state aid on a per-active-member basis, funded from a portion of excess police state aid.

Background Information on the Minimum Fire Department Requirements for Fire State Aid

The minimum fire department requirements for qualifications for fire state aid set forth in Minnesota Statutes, Section 69.011, Subdivision 4, are:

1. Fire Department Establishment. The municipal fire department must be established for at least one year by the municipal governing body or the independent nonprofit firefighting corporation must be operated exclusively for firefighting purposes and must provide retirement benefits to volunteer firefighters directly or through a separate subsidiary incorporated firefighters relief association.
2. Minimum Number of Firefighters. The fire department must have ten paid or volunteer firefighters including a fire chief and assistant fire chief.
3. Minimum Meetings and Drills. The fire department must have regular scheduled meetings and frequent drills, including instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment.
4. Minimum Fire Department Equipment. The fire department must have a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps—tank extinguisher or equivalent, dry chemical extinguisher or equivalent, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, and boots.
5. Minimum Fire Station Requirements. The fire department must have a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm.
6. Minimum Fire Alarm System Requirements. The fire department must have a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm.
7. Minimum Second Response Requirements. If a response is to be provided outside the corporate limits of the municipality where in the fire department is located, the municipality must have another piece of motorized apparatus to make the response.
8. Other Requirements. The fire department must meet any other requirements the Commissioner of Revenue establishes by rule.

Under Minnesota Statutes, Section 69.011, Subdivision 5, the State Fire Marshal has the duty to inspect municipal fire departments and independent nonprofit firefighting corporations and may enter those facilities at any reasonable hour. If the inspection discloses that the fire department does not meet the minimum fire department requirements, the State Fire Marshal must report that fact and the Commissioner of Revenue is required to disqualify the municipality or independent nonprofit firefighting corporation from future fire state aid.

Background Information on the Minnesota Fire Incident Reporting System

The Minnesota Fire Incident Reporting System (MFIRS) is a tool operated by the Minnesota State Fire Marshal for fire departments to report and maintain records of fires and other fire department incidents in a uniform manner. The MFIRS process is part of a National Fire Incident Reporting System (NFIRS).

MFIRS is intended to assist the fire service, policymakers, and the public in order to justify budget requests and provide a basis for resource allocation; generate statistical reports; assess department activity on a national scale, including emergency medical services, department apparatus, wild land fires, and personnel activities; summarize annual activities; answer questions about the nature and causes of injuries, deaths, and property loss resulting from fires; predict fire-related problems within the State; and measure the success of fire prevention and safety programs.

The reporting consists of information on the timing of fire department incidents, the location of fire department incidents, the incident type, the extent of aid provided or received, the actions taken in response to the incident, the fire department resources committed to the incident, the estimated dollar loss involved in the incident, the casualties caused by the incident, the extent of fire detection in the incident, the extent of any hazardous material released, the use of the property involved in the incident, the details of the property involved, the cause and extent of ignition, the human factors and

Potential Policy Analysis and Discussion

Document LCPR04-292 adds an eighth requirement to the current seven requirements on a fire department for the applicable municipality or independent firefighting corporation to qualify for fire state aid, with that new requirement being complete reporting of fire department activity to the State Fire Marshal under the Minnesota Fire Incident Reporting System (MFIRS) procedure during the preceding calendar year.

The proposed change, if forwarded by the working group to the Legislature for consideration during the 2005 Legislative Session, will likely raise the following pension and related public policy issues for consideration by the Legislative Commission on Pensions and Retirement, as identified by the Commission staff:

1. Appropriateness of Conditioning Fire State on a Non-Pension Reporting Requirement. The policy issue is the appropriateness of conditioning fire state aid on the participation of the applicable fire department with the Minnesota Fire Incident Reporting System (MFIRS), which relates to the functioning of the fire department and the fire service statewide, but has no direct pension application. The minimum fire department requirements for qualifying for fire state aid were added in 1969, in order to use the fire state aid program to encourage a betterment in the provision of firefighting service throughout the state. If MFIRS actually would work to improve the provision of fire services in the state, then adding MFIRS participation would be an extension of the 1969 legislative policy of leveraging fire state aid to gain improved fire departments statewide. The MFIRS reporting, however, focuses on firefighting activities and, if applicable, emergency medical activities, but does not appear to focus on fire prevention activities. Testimony may be appropriate about the role of fire prevention compared to fire suppression and firefighting activities in measuring the value of the fire service locally and statewide.
2. Appropriateness of Requiring MFIRS Participation if Reporting is Difficult or Onerous. The policy issue is the appropriateness of adding MFIRS participation as an additional fire state aid qualifying requirement if that reporting responsibility is difficult or onerous for the non-participating fire departments. Of the 72 fire departments that do not participate in the MFIRS program, several are serving small population locales (18.06 percent are under 200 in population and 15.28 percent are without available population numbers), but a large number are larger population locales (37.49 percent are between 200 and 500 in population and 29.17 percent are in excess of 500 in population). MFIRS participation may be as much a question of motivation as of capability, at least as capability is measured by the firetown population, since several very small municipalities have good or perfect MFIRS participation records, as follows:

<u>Municipality</u>	<u>County</u>	<u>Population</u>	<u>MFIRS Participa- tion</u>
Arco	Lincoln	99	4/5
Beltrami	Polk	98	5/5
Borup	Norman	90	5/5
Correll	Big Stone	45	5/5
Dovray	Murray	67	5/5
Goodridge	Pennington	97	5/5
Kenneth	Rock	58	3/5
Kerrick	Pine	71	3/5
LaSalle	Watonwan	89	5/5
Lake Henry	Stearns	91	4/5

3. Precedent. The policy issue is the question of whether or not there is a past precedent for the additional fire state aid requirement and whether or not the proposed additional requirement would become a precedent for further fire state aid requirement additions. Within the fire state aid program, there is no direct precedent for a fire department reporting requirement, but pension fund reporting requirements (financial and investment) as a fire state aid qualification do exist. Within the fire service, there is a precedent in a number of grants to fire departments with the requirement that they report their incidents, including fire grants from the United States Fire Administration (USFA) and Department of Natural Resources (DNR) grants. With the exception of potentially adding the reporting of fire prevention activities, it is unclear what future additional fire department reporting requirements could be added based on this proposal.
4. Appropriateness of the Current Fire Department Minimum Fire State Aid Requirements. The policy issue is the appropriateness of the current fire state aid minimum fire department qualifications. The

current qualifications were set in 1969, when they were first added, but the qualifications have not been revised since. As such, the requirements may not reflect the current best practices with respect to minimum requirements for a fire department. Additional work by the State Fire Marshal or additional testimony from representatives of the state's fire services may be needed to gauge the adequacy of the minimum fire department qualifications set forth in Minnesota Statutes, Section 69.011, Subdivision 4.

5. Appropriateness of the Current Process for Determining Whether or Not the Minimum Fire Department Requirements Are Met. The policy issue is the appropriateness of the current manner in which the Department of Revenue and the State Fire Marshal determine whether or not the State's 700+ fire departments meet the minimum fire department requirements of Minnesota Statutes, Section 69.011, subdivision 4. The current process appears to involve an in-person inspection by the State Fire Marshal of new fire departments first applying for fire state aid and the checking of an attestation box on an annual Department of Revenue form indicating minimum requirement compliance by all other fire departments. The process potentially gives a pass to existing fire departments, which allows circumstances to continue to occur such as fire departments with less than ten active members to receive fire state aid.

1.1 A bill for an act

1.2 relating to retirement; volunteer firefighter relief

1.3 associations; modifying the minimum fire department

1.4 requirements to qualify for fire state aid; amending

1.5 Minnesota Statutes 2004, section 69.011, subdivisions

1.6 4 and 5.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2004, section 69.011,

1.9 subdivision 4, is amended to read:

1.10 Subd. 4. **QUALIFICATION FOR STATE AID.** ~~Any~~ A municipality

1.11 in this state having for more than one year an organized fire

1.12 department ~~and~~ that was officially established by the governing

1.13 body of the municipality or an independent nonprofit fire

1.14 fighting corporation created under the nonprofit corporation act

1.15 of this state and operating for more than one year exclusively

1.16 for fire fighting purposes and providing retirement and relief

1.17 benefits to its members or having a separate subsidiary

1.18 incorporated firefighter's relief and pension association

1.19 providing retirement and relief benefits may qualify to

1.20 receive fire state aid if it meets the following minimum

1.21 requirements or their equivalent as determined by the State Fire

1.22 Marshal ~~by July 1, 1972~~:

1.23 ~~(a)~~ (1) has at least ten paid or volunteer firefighters,

1.24 including a fire chief and an assistant fire chief, ~~and~~;

1.25 ~~(b)~~ (2) has regular scheduled meetings and frequent drills,

1.26 including instructions in fire fighting tactics and in the use,

2.1 care, and operation of all fire apparatus and equipment,~~and;~~
2.2 ~~(e)~~ (3) has a motorized fire truck that is equipped with a
2.3 motorized pump, 250 gallon or larger water tank, 300 feet of one
2.4 inch or larger fire hose in two lines with combination spray and
2.5 straight stream nozzles, five-gallon hand pumps--tank
2.6 extinguisher or equivalent, a dry chemical extinguisher or
2.7 equivalent, ladders, extension ladders, pike poles, crow bars,
2.8 axes, lanterns, fire coats, helmets, and boots,~~and;~~
2.9 ~~(d)~~ (4) has its apparatus suitably housed in a building of
2.10 good construction with facilities for care of hose and
2.11 equipment,~~and;~~
2.12 ~~(e)~~ (5) has a reliable and adequate method of sending and
2.13 receiving fire alarms electronically, by telephone, or with
2.14 electric siren and has suitable means of sounding an alarm,~~and;~~
2.15 ~~(f)~~ (6) if response is to be provided outside the corporate
2.16 limits of the municipality wherein the fire department is
2.17 located, the municipality fire department has another piece of
2.18 motorized apparatus to make the response,~~and;~~
2.19 (7) has filed a complete 12-month set of Minnesota fire
2.20 incident reporting system reports with the State Fire Marshal
2.21 Division of the Department of Public Safety for the preceding
2.22 calendar year; and
2.23 ~~(g)~~ (8) meets any other requirements that the commissioner
2.24 establishes by rule.
2.25 Sec. 2. Minnesota Statutes 2004, section 69.011,
2.26 subdivision 5, is amended to read:
2.27 Subd. 5. **FIRE DEPARTMENTS TO BE INSPECTED BY STATE FIRE**
2.28 **MARSHAL.** ~~It shall be the duty of The State Fire Marshal or an~~
2.29 ~~appointed deputy or designated assistants to shall inspect, or~~
2.30 ~~cause to be inspected, at the time other public buildings are~~
2.31 ~~inspected, the fire department of any municipality or nonprofit~~
2.32 ~~fire fighting corporations in this state; and,~~ For that
2.33 purpose, the State Fire Marshal ~~or any of the fire marshal's~~
2.34 ~~deputies or designated assistants shall have~~ has the right to
2.35 enter or have access ~~thereto~~ to fire department buildings at any
2.36 reasonable hour. ~~When~~ If, upon inspection, it is found that the

- 3.1 fire department inspected does not conform to the requirements
- 3.2 of subdivision 4, the State Fire Marshal shall ~~make a report of~~
- 3.3 the fact to the commissioner and the commissioner shall
- 3.4 disqualify the municipality or nonprofit firefighting
- 3.5 corporation from ~~participation in the~~ future fire state aid
- 3.6 apportionment ~~provided for in this chapter and chapter 424.~~
- 3.7 Sec. 3. **EFFECTIVE DATE.**
- 3.8 Sections 1 and 2 are effective on July 1, 2005.