

Fiscal Note Request HB0551, As Introduced

(continued)

- a. There is no clear definition of volunteer EMT. However, Montana's Good Samaritan law (27-1-714(2), MCA) provides some legislative intent about the definition of a volunteer EMS provider:

“person properly trained under the laws of this state who operates an ambulance to and from the scene of an emergency or renders emergency medical treatment on a volunteer basis so long as the total reimbursement received for such volunteer services does not exceed 25% of his gross annual income or \$3,000 a calendar year, whichever is greater.”

- b. Some EMTs may receive minimal compensation to assure they are covered by worker's compensation or for other reasons, but still consider themselves as volunteers;
 - c. Some EMTs may volunteer their time for training and “on call” status, but may receive minimal compensation for actually responding to a call.
4. Currently more than 3300 volunteer firefighters in more than 220 companies are members of the system under the Volunteer Firefighter's Compensation Act (VFCA). Some volunteer firefighters are also licensed EMTs. Assuming each fire company has one or two EMTs and, based on the above, it is reasonable to assume that 750 to 1000 EMTs would qualify as volunteers who would be eligible for new membership under the VFCA.
 5. This bill provides for new members to join the VFCA but does not provide any additional funding. The VFCA must be actuarially funded and adding more members requires either additional funding or reducing current benefits. Currently the VFCA has a slight funding surplus, but the surplus is not sufficient to fund benefits for more than 75 to 100 new members.
 6. In addition, adding a large number of members will change the demographics of the system, and the full effect of adding the EMTs will not be completely known for several years.

State Auditor

7. This bill will establish a new state special revenue account to make the state contributions required in subsection (1) of Section 3 of this bill. Currently premium taxes are deposited into the general fund and all payments to police and fire retirement funds come from the general fund.

Department of Revenue

8. MCA 50-3-109 imposes a tax of 2.5 percent on premiums for certain types of fire, casualty, and liability insurance. Under current law all revenue from this tax is deposited in the general fund. Five percent of these funds are statutorily appropriated to the volunteer firefighters' pension fund.
9. This bill would create a new state special revenue account. Beginning in FY 2004, it would allocate five percent of the revenue from the tax on fire, casualty, and liability insurance premiums to this account. It would statutorily appropriate funds in the account to the volunteer firefighters' pension fund and eliminate the appropriation from the general fund.
10. Collections of the tax on fire, casualty, and liability insurance premiums were \$2,367,492 in FY 2002. Insurance premiums taxes are projected to grow by 8.937 percent in FY 2003, by 9.079 percent in FY 2004, and by 4.355 percent in FY 2005. Collections will be \$2,813,244 in FY 2004 ($1.08937 \times 1.09079 \times \$2,367,492$) and \$2,935,763 in FY 2005 ($1.04355 \times \$2,813,244$).
11. Deposits to the new special revenue account would be \$140,662 in FY 2004 ($5\% \times \$2,813,244$) and \$146,788 in FY 2005 ($5\% \times \$2,935,763$). Appropriations from the account to the volunteer firefighters' pension fund would be \$140,662 in FY 2004 and \$146,788 in FY 2005. Deposits to the general fund and appropriations from the general fund would be reduced by \$140,662 in FY 2004 and by \$146,788 in FY 2005.
12. This bill would have no administrative impacts on the Department of Revenue.

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(continued)

FISCAL IMPACT:

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
Department of Revenue		
<u>Funding of Expenditures:</u>		
General Fund (01)	(\$140,662)	(\$146,788)
State Special Revenue (02)	\$140,662	\$146,788
 <u>Revenues:</u>		
General Fund (01)	(\$140,662)	(\$146,788)
State Special Revenue (02)	\$140,662	\$146,788
 <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$0	\$0
State Special Revenue (02)	\$0	\$0

TECHNICAL NOTES:

MPERA

1. If volunteer EMTs are allowed to become members under the Volunteer Firefighter's Compensation Act without additional funding, the Volunteer Firefighters Compensation Act will not be actuarially funded as required by law. All payments for this retirement fund come from the general fund.

DEDICATION OF REVENUE:

- a) *Are there persons or entities that benefit from this dedicated revenue that do not pay?* (please explain)
Yes, volunteer EMTs could benefit.
- b) *What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?*
Since all of the benefits are paid from the premium tax deposited in the general fund, using the state special revenue fund may actually confuse the issue for legislators and others.
- c) *Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended?* Yes No (if no, explain) Additional funding will be required or the compensation act will not be actuarially funded.
- d) *Does the need for this state special revenue provision still exist?* Yes No (Explain) The new account is provided for in Section 3.
- e) *Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending?* (Please Explain)
No, the legislature would still be able to scrutinize budgets, control expenditures, and establish priorities.

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f) *Does the dedicated revenue fulfill a continuing, legislatively recognized need?* (Please Explain)
Yes, in the bill as written.

g) *How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency?* (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)

The state auditor already administers various funds and this new account would not cause any accounting/auditing efficiencies or inefficiencies.