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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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April 30, 2001

MEMORANDUM

#10

SUBJECT: Proposed Legislation
TO: All House Members
FROM: Representative Larry O. Sather

In the near future, I will be introducing legislation, which amends Act 205 of 1984 by establishing that each municipality shall receive the minimum sum of \$5,000 from the distribution of foreign fire insurance tax monies.

Based on year 2000 figures, my research indicates that there are 944 municipalities, which receive less than \$5000 in firefighter relief funding, and in many cases, these municipalities only receive an average of \$1000 to \$3000 per year.

The intent of this legislation is to provide these volunteer fire departments, via municipal receipt of these funds, a greater ability to purchase health, sickness-injury and death benefits for its membership using firefighter relief funding.

By adjusting the current formula through a \$5000 minimum funding requirement, it is projected that this will redirect \$2,300,415.98 away from the current \$42,500,642.00 fund balance, thereby allowing over \$40 million to be distributed via the existing formula for all municipalities.

The leadership of the state's major fire & emergency medical service response organizations compiled a list of priority issues for 2001-2002. One of the recommendations on that list was that a minimum distribution be established for each municipality to guarantee that volunteer firefighters' relief associations have sufficient funds for "financial protection" especially for insurance policies covering accidents, disabilities and deaths. The remaining distribution should be allocated as currently outlined in Act 205.

(2)

The Fire Services Institute's Executive Committee of the Statewide Advisory Board, representing over 100 county, regional and state emergency service organizations, supports this proposal to establishing a \$5,000 minimum to enhance the health and safety of volunteer firefighters in every community of the Commonwealth.

If you would like to co-sponsor this legislation, or have any questions, regarding current firefighter relief funding for municipalities in your district, please contact Jennifer Haines in my office at 7-3335 or by e-mail at jhaines@pahousegop.com.

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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

June 19, 2001

COMMITTEES

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John R. Waters
Upper Merion Township

RE: FOREIGN FIRE INSURANCE FUNDS

Dear Mr. Waters:

My colleague, Representative Constance Williams, forwarded to me your e-mail correspondence concerning distribution of the foreign fire insurance tax moneys. I appreciate your interest.

On May 17, I offered legislation (House Bill 1618) amending Act 205 of 1984 to provide for a **minimum** distribution to each municipality of \$5,000. Your question is whether \$5,000 would provide adequate liability, disability and life insurance coverage for the emergency service personnel of municipalities that might receive only that amount. It is a good question that many are asking.

The Pennsylvania Fire and Emergency Services Institute, in response to concern voiced by less populated and less wealthy municipalities conducted a study in which it examined the issue. Upon completion of the study the Institute contacted the Veterans Affairs and Emergency Preparedness Committee of the House of Representatives and suggested that legislation be crafted to address the inadequacy of Act 205, and also suggested that its study indicated that \$5,000 would serve as a satisfactory baseline figure from which to base the distribution of the foreign fire insurance tax revenue. Should you desire further information, you may wish to contact John Brenner, Executive Director of the Pennsylvania Fire and Emergency Services Institute; 233 State Street, Harrisburg, Pennsylvania 17101. The telephone number is 717-236-5995.

I fully expect that when the Finance Committee, to which this bill was referred, and the Veterans Affairs and Emergency Preparedness Committee debate this legislation, lawmakers will direct a great deal of attention to the \$5,000 figure. Your question could be thoroughly discussed at that time.

Finally, I believe it is important to note that this has been an issue for some time. Questions about the adequacy of the foreign fire insurance tax distribution have been asked for years, but resolving the controversy was not explored. Now for the first time, we have all interested and affected parties, of all degrees of receipt of funds from this revenue, at least sitting together at a table and discoursing back and forth about how to make the distribution not only more equitable, but adequate to meet the need of every municipality. Having taken this first step, I am extremely hopeful that we can construct a piece of sorely needed and effective legislation that will provide sufficient funds to every Pennsylvania municipality so that each can purchase adequate insurance for its emergency services personnel.

Again, thanks for the benefit of your views about my legislation, House Bill 1618.

Sincerely,

Larry O. Sather
State Representative
81st Legislative District