

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

HOUSE BILL

1377

By: Representatives Holland and Maddox

For An Act To Be Entitled

"AN ACT TO PROVIDE FOR ADDITIONAL FUNDING OF ARKANSAS FIRE DEPARTMENTS THROUGH ADDITIONAL INSURANCE PREMIUM TAXES ASSESSED AGAINST INSURERS WRITING FIRE INSURANCE AND SIMILAR COVERAGES IN ORDER TO REDUCE HOMEOWNER INSURANCE RATES IN ARKANSAS; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. It is hereby found and determined by the General Assembly of the State of Arkansas that additional funding is needed to improve the fire protection services in this state. It is further found and determined that the public policy of this state is to provide adequate fire protection services for property of citizens through the use of properly trained and equipped firefighters, and that the provisions of this act are necessary in furtherance of the public health and safety.

SECTION 2. (a) In addition to the premium taxes collected from insurers under other provisions of Arkansas law, each authorized insurer and each formerly authorized insurer shall pay to the Fire Protection Revolving Fund ("Fund") under Ark. Code Ann. §14-284-305 a tax at the rate of | of 1% on net direct written premiums for coverages upon real and personal property, including but not limited to fire, allied lines, farm owner and home owner multiple peril, vehicle liability, vehicle physical damage and vehicle collision or any combination thereof.

(b) This tax shall be collected by the Insurance Commissioner from the insurers at the same time and in the same manner as provided in the premium tax sections of the laws of this state under Ark. Code Ann. §26-57-601 et seq. and deposited into the Fire Protection Revolving Fund.

(c) Assessments upon which this premium tax is based shall be made on forms prescribed by the Arkansas Insurance Commissioner.

(d) Premium tax payments shall be made upon company checks payable to the Fire Protection Revolving Fund.

SECTION 3. (a) (1) These premium tax monies are assessed for disbursement from the Fund by the Department of Finance and Administration to municipalities and certified and eligible fire protection departments and/or districts, and shall be paid on the basis of the population of each district or municipality as it compares to the population of participating districts and municipalities. Such funds shall be distributed to municipalities and those certified departments in districts which are in compliance with the sections of this act and Ark. Code Ann. §§20-22-801 through 20-22-809.

(2) Disbursements shall be made on forms prescribed by the Department of Finance and Administration.

(b) (1) Such funds shall be used to defray training expenses of firefighters at the Arkansas Fire Training Academy, for the purchase and improvement of, or for pledging as security for a period of not more than ten (10) years in the financing of the purchase and improvement of, fire fighting equipment and initial capital construction or improvements of fire departments. Municipalities, fire departments and/or districts must expend or allocate for expenditure all funds received under the provisions of this act on or before the expiration of twelve (12) months from date of receipt. Any excess or surplus funds which are not expended or allocated for expenditure within such twelve (12) month period shall be remitted to the Fund no later than sixty (60) days following the expiration of such twelve (12) month period.

(2) Such equipment shall be used by the municipalities and departments located in fire protection districts which have been duly formed or established under the provisions of Ark. Code Ann. §14-284-201 et seq.

(c) No rural volunteer fire department and/or district shall receive payments or disbursements from the Fund unless the County Quorum Court and the Board of Commissioners of the Fire Protection District designate the current County Fire Service Coordinator or designate a County Fire Service Coordinator who shall be responsible for seeing that standard guidelines established by the Arkansas Fire protection Services Board pursuant to Ark. Code Ann.

□20-22-801 et seq. are followed.

(d) No funds shall be paid to any certified rural volunteer fire department or fire protection district until a written proposal stating the following information has been approved by the Quorum Court and the Arkansas Fire Protection Services Board:

- (1) Amount of funds requested;
- (2) Purpose for which funds will be expended;
- (3) Plans for training of firefighters; and
- (4) Anticipated time of completion of project.

(e) Rural volunteer fire departments and fire protection districts shall supply such statistical and operational information to the State Fire Protection Services Board and Quorum Court as required. The Quorum Court of each county shall file reports on January 15 annually with the State Auditor and Department of Finance and Administration stating how such funds were expended during the preceding twelve (12) months. Each rural volunteer fire department and fire protection district which receives such funds shall file reports on December 1 annually with the Quorum Court stating how such funds were expended during the preceding twelve (12) months. If any Quorum Court, rural volunteer fire department or fire protection district fails to make such reports, the fire department and/or district shall not be eligible for new or additional funds until the reports are filed. Any rural fire department and/or district which fails to expend funds in due compliance with the provisions of this act shall not be eligible for new or additional funds from the Fire Protection Revolving Fund until the department and/or district reimburses the Fund in the exact amount of those monies improperly retained or expended.

(f) Pursuant to Ark. Code Ann. □14-284-201(a)(2), in any area in any county, in which there is no rural volunteer fire department or fire protection district which qualifies for funds under the provision of this act, the Quorum Court is authorized, in its discretion and with the approval of the State Fire Protection Services Board to designate any unincorporated area of the county to be served by a municipal fire department, if approved by the governing authorities of such municipality. In addition to the funds, the municipality is otherwise entitled to under this Act, the municipality serving any such designated area shall receive the funds which the rural volunteer fire department or fire protection district would have been eligible to

receive, and such funds shall be used by the municipality to provide training and to purchase equipment necessary to provide fire protection in the designated unincorporated area in compliance with this act.

(g) No municipality shall receive funds under this Act unless it is willing to provide fire protection through mutual aid agreements in areas within five miles of its corporate limits. Such municipalities shall not be required to respond when, in the opinion of proper municipal authorities, municipal property or fire classification rating would be jeopardized.

SECTION 4. Nothing in this act shall be construed to prevent the organization of a volunteer fire department and/or district pursuant to the provisions of Arkansas law. If such a volunteer fire department and/or district is organized after the effective date of this act, the Department of Finance and Administration shall distribute funds provided by this act upon due compliance by the volunteer fire department and district with the eligibility requirements of this act and Ark. Code Ann. §20-22-801 through §20-22-809.

SECTION 5. Nothing in this act shall be construed to prevent Quorum Courts and governing bodies of municipalities from contributing funds directly to any volunteer fire department and/or district serving such county or municipality.

SECTION 6. Nothing in this act shall be construed to prevent county, municipal, or local water utilities or associations from contributing water free of charge for fire fighting and/or training activities to volunteer fire departments and districts.

SECTION 7. The Quorum Court of any county is hereby authorized and empowered, in its discretion, to grade, gravel, pave and/or maintain real property of a rural volunteer fire department, including roads or driveways thereof, as necessary for the effective and safe operation of such rural volunteer fire department. Any action taken by the Quorum Court under the authority of this Section shall be specified upon the minutes of the Quorum Court when the work is authorized.

SECTION 8. The provisions of this act are intended to be supplemental to current provisions of Arkansas law, and shall not be construed as repealing or superseding any other laws applicable thereto.

SECTION 9. The provisions of this act shall become effective on and after January 1, 1990.

SECTION 10. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

