

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

As Engrossed: H3/15/01 H3/28/01

A Bill

HOUSE BILL 2617

5 By: Representative McMellon
6 By: *Senator Wilkinson*
7

For An Act To Be Entitled

8
9
10 *AN ACT TO AMEND ARKANSAS CODE TITLE 14, CHAPTER*
11 *284, SUBCHAPTER 4 TO ADD AN ADDITIONAL SECTION TO*
12 *ALLOCATE PREMIUM TAXES TO RURAL AND SMALL TOWN*
13 *FIRE DEPARTMENTS; TO AMEND ARKANSAS CODE 26-57-*
14 *611 AND 26-57-614 TO PROVIDE FOR FURTHER*
15 *DISBURSEMENT OF PREMIUM TAXES FOR FIRE*
16 *PROTECTION, AND FOR OTHER PURPOSES.*
17

Subtitle

18
19 *AN ACT TO ALLOCATE PREMIUM TAXES TO*
20 *RURAL AND SMALL TOWN FIRE DEPARTMENTS*
21 *FOR FIRE PROTECTION.*
22
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 *SECTION 1. Arkansas Code Title 14, Chapter 284, Subchapter 4, is*
27 *amended to add an additional section to read as follows:*

28 *14-284-412. Rural and small town fire departments.*

29 *(a) It is hereby found and determined by the General Assembly of the*
30 *State of Arkansas that:*

31 *(1) Additional funding is needed to improve the fire protection*
32 *services in rural areas and small towns of this state;*

33 *(2) Rural and small town fire departments with the highest*
34 *number of ISO classifications need to receive a larger portion of funding for*
35 *equipment and training to reduce those classifications; and*

36 *(3) Insurance premium taxes being levied should be reallocated*

1 to those rural and small fire departments to provide adequate fire protection
2 services for the property of citizens through the use of properly trained and
3 equipped fire fighters.

4 (b)(1) There is established on the books of the Treasurer of State,
5 Auditor of State, and Chief Fiscal Officer of the State a fund to be known as
6 the Rural and Small Town Fire Protection Fund.

7 (2) This fund shall consist of a portion of the taxes levied on
8 insurers exceeding the amounts allocated after July 1, 2002 designated for
9 support of rural and small town fire departments programs, there to be used
10 for those purposes as set out in subsection (e) of this section.

11 (c) Beginning on July 1, 2002, and each July 1 thereafter, the Rural
12 and Small Town Fire Department Protection Fund shall have deposited in to the
13 fund the premium taxes collected under §§ 26-57-604, 26-57-605, and 26-57-614
14 that exceeds the amount of those premium taxes collected during the fiscal
15 year ending June 30, 2001.

16 (d)(1) Beginning July 1, 2003, a portion of the premium tax moneys
17 allocated to the Rural and Small Town Fire Protection Fund shall be disbursed
18 annually by the Department of Finance and Administration through the Office
19 of Fire Protection Services as follows:

20 (A) Five percent (5%) of the year ending balance for the
21 prior year shall be divided evenly among the ISO Class 5 rural and small town
22 fire departments;

23 (B) Five percent (5%) of the year ending balance for the
24 prior year shall be divided evenly among the ISO Class 6 rural and small town
25 fire departments;

26 (C) Ten percent (10%) of the year ending balance for the
27 prior year shall be divided evenly among the ISO Class 7 rural and small town
28 fire departments;

29 (D) Twenty-five percent (25%) of the year ending balance
30 for the prior year shall be divided evenly among the ISO Class 8 rural and
31 small town fire departments;

32 (E) Fifty percent (50%) of the year ending balance for the
33 prior year shall be divided evenly among the ISO Class 9 rural and small town
34 fire departments; and

35 (F) Five percent (5%) of the year ending balance for the
36 prior year shall be divided evenly among the ISO Class 10 rural and small

1 town fire departments.

2 (2) For the purpose of distributing funds as described in
3 subdivisions (b)(1)(A) - (E) of this section, fire departments serving areas
4 with split ISO classifications shall be deemed to be included within the
5 highest ISO classification number under subdivisions (b)(1)(A) - (E) of this
6 section in that fire department's split ISO classification.

7 (e) Funds from the Rural and Small Town Fire Protection Fund shall be
8 used for the purchase of equipment, capital improvements, and training.

9 (f) As used in this section, "rural and small town fire department"
10 means any volunteer or other fire department which is certified by the Office
11 of Fire Protection Services pursuant to §§ 20-22-801 - 20-22-809 and which
12 serves a rural unincorporated area of a county or which serves an area
13 including an incorporated town, or both.

14 (g)(1) No rural or small town fire department shall receive payments
15 from the Rural and Small Town Fire Protection Fund until a written proposal
16 stating the following information has been approved by the county quorum
17 court and the Arkansas Fire Protection Services Board:

18 (A) Amount of funds requested;

19 (B) Purpose for which funds will be expended;

20 (C) Plans for training of fire fighters; and

21 (D) Anticipated time of completion of project.

22 (2)(A) Rural and small town fire departments shall supply the
23 necessary statistical and operational information to the Arkansas Fire
24 Protection Services Board and county quorum court as required.

25 (B) The quorum court of each county shall file reports on
26 January 15 annually with the State Auditor and Department of Finance and
27 Administration stating how these funds were expended during the preceding
28 twelve (12) months.

29 (C) Each rural or small town fire department which
30 receives these funds shall file reports on December 1 annually with the
31 quorum court stating how the funds were expended during the preceding twelve
32 (12) months.

33 (D) If any quorum court or rural or small town fire
34 department fails to make the reports, the fire departments shall not be
35 eligible for new or additional funds until the reports are filed.

36 (E) Any rural or small town fire department which fails to

1 expend funds in compliance with this section shall not be eligible for new or
2 additional funds from the Rural and Small Town Fire Protection Fund until the
3 department reimburses the fund in the exact amount of those moneys improperly
4 retained or expended.

5
6 SECTION 2. Arkansas Code 26-57-611 is amended to read as follows:

7 26-57-611. Disposition of nonallocated funds.

8 ~~The~~ (a) Until July, 1, 2002, the commissioner shall deposit all
9 premium taxes collected under this subchapter which are not allocated and
10 appropriated for the various funds under § 11-9-101 et seq. for the Arkansas
11 Fire and Police Pension Review Board and firemen's relief and pension funds
12 under §§ 24-11-809, 24-11-810, and 26-57-609 and for the Arkansas Fire and
13 Police Pension and Review Board and police officer's pension and relief funds
14 under § 24-11-301 in the State Treasury as general revenues.

15 (b)(1) Beginning July 1, 2002 and after, the commissioner shall
16 deposit all premium taxes collected under this subchapter which are not
17 allocated and appropriated for the various funds under § 11-9-101 et seq. for
18 the Arkansas Fire and Police Pension Review Board and firemen's relief and
19 pension funds under §§ 24-11-809, 24-11-810, and 26-57-609 and for the
20 Arkansas Fire and Police Pension and Review Board and police officer's
21 pension and relief funds under § 24-11-301 in the State Treasury as general
22 revenues until the amount equals the amount of funds deposited to general
23 revenues during the fiscal year ending June 30, 2001; and

24 (2) After the amount equals the amount of funds deposited to
25 general revenues during the fiscal year ending June 30, 2001, the
26 commissioner shall deposit the remaining premium taxes allocated under this
27 section in the State Treasury to the Rural and Small Town Fire Protection
28 Fund.

29
30 SECTION 3. Arkansas Code 26-57-614 is amended to read as follows:

31 26-57-614. Fire protection services - Additional tax.

32 (a) It is hereby found and determined by the General Assembly of the
33 State of Arkansas that additional funding is needed to improve the fire
34 protection services in this state. It is further found and determined that
35 the public policy of this state is to provide adequate fire protection
36 services for property of citizens through the use of properly trained and

1 equipped fire fighters, and that the provisions of this section and §§ 14-
2 284-401 - 14-284-409 are necessary in furtherance of the public health and
3 safety.

4 (b) In addition to the premium taxes collected from insurers under
5 other provisions of Arkansas law, each authorized insurer and each formerly
6 authorized insurer shall pay to the Fire Protection Premium Tax Fund a tax at
7 the rate of one-half of one percent (0.5%) on net direct written premiums for
8 coverages upon real and personal property, including, but not limited to,
9 fire, allied lines, farm owner and homeowner multiple peril, vehicle physical
10 damage, and vehicle collision, or any combination thereof.

11 (c) This tax shall be collected by the Insurance Commissioner from the
12 insurers at the same time and in the same manner as provided in the premium
13 tax sections of the laws of this state under § 26-57-601 et seq. and
14 deposited into the Rural and Small Town Fire Protection Fund and Fire
15 Protection Premium Tax Fund as follows:

16 (1) Beginning July 1, 2002 and after, the Fire Protection
17 Premium Tax Fund shall have deposited into the fund the premium tax levied by
18 subsection (b) of this section until the amount equals the amount the fund
19 received during the fiscal year ending June 30, 2001; and

20 (2) Beginning July 1, 2002 and after, the Rural and Small Town
21 Fire Protection Fund shall have deposited into the fund the premium tax
22 levied by the subsection (b) of this section that exceeds the amount the Fire
23 Protection Premium Tax Fund received during the fiscal year ending June 30,
24 2001.

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

27 (e) Premium tax payments shall be made upon company checks payable to
28 the Fire Protection Premium Tax Fund.

29 (f) The provisions of this section and § 14-284-401 et seq. are
30 intended to be supplemental to current provisions of Arkansas law, and shall
31 not be construed as repealing or superseding any other laws applicable
32 thereto.

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34 /s/ McMellon
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