House Bill 638

# In The House

February 4, 1981	Introduced and referred to Committee on State Administration.
February 12, 1981	Fiscal note requested.
February 17, 1981	Fiscal note returned.
April 23, 1981	Died in Committee.

LC 1234/01

INTRODUCED BY Menahen Dul Jarmin Kanded 1 Julii Harrington

4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 5 19-11-512, MCA, TO PROVIDE ADDITIONAL FUNDING TO FIRE 6 DEPARTMENT RELIEF ASSOCIATIONS FROM THE INSURANCE PREMIUM 7 TAX WHEN BENEFIT PAYMENTS DURING THE PRECEDING FISCAL YEAR 8 EXCEED THE AMOUNT OF THE DISABILITY AND PENSION FUNDS; AND 9 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 19-11-512, MCA, is amended to read: 13 #19-11-512. State auditor to pay association out of 14 insurance premium taxes. (1) At After the end of the fiscal year. the state auditor shall issue and deliver the payment 15 described in this subsection to the board of investments to 16 be credited to the account of each fire department relief 17 18 association of any city or town of the first or second class which has a fire department relief association entitled by 19 20 law to receive payments. The state auditor shall, at the same time, report to the treasurer of the association the 21 amount of the payment. The payment shall be for the use and 22 benefit of the association. It shall be paid out of the 23 premium taxes on insurance risks enumerated in subsection 24 (6) collected by the state auditor and shall be equal to 10% 25

1 of the total annual compensation paid by the city or town to its paid or part-paid firefighters for services in the z previous calendar year. The city clerk of the city or town 3 4 shall certify in writing to the state auditor, on or before 5 April 1 of each year, the amount paid by the city or town as compensation for services to paid or part-paid firefighters. 6 7 (2) When there is a disaster resulting in death or я injury sufficient to draw the pensions of 10% of the active 9 force and the fund, after receiving all moneys provided for 10 in 19-11-501, 19-11-503, 19-11-504, and subsection (1) of 11 this section, does not show at least the 1-mill growth referred to in 19-11-504, the treasurer of the association 12 13 shall request and the state auditor shall issue and deliver an additional payment under the same conditions described in 14 subsection (1). The payment shall be in an amount sufficient 15 16 to cause at least the above-mentioned 1-mill growth in the 17 fund.

18 (3) If a city is not entitled to receive a sum equal 19 to 1 1/2 mills of its total taxable value under subsections 20 (1) and (2), the payment shall be made in the amount 21 provided in subsections (4) and (5) for cities of the third 22 class and in the manner described in subsection (1).

23 (4) At <u>After</u> the end of the fiscal year, the state
24 auditor shall issue and deliver the warrant described in
25 this subsection to the treasurer of every city or town,

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1 except cities and towns of the first or second class, which 2 has a fire department relief association entitled by law to 3 receive payments. The warrant shall be for the use and benefit of the association. It shall be for an amount equal 4 to 1 1/2 mills of the total taxable value of the city or 5 6 town and shall be paid out of the premium taxes on insurance 7 risks enumerated in subsection (6) collected by the state 8 auditor.

9 (5) If the payment provided for in subsection (4) is
10 less than \$100, an additional payment shall be made from the
11 same tax moneys so that the total amount received is \$100.
12 (6) The risks referred to in subsections (1) and (4)
13 are:

14 (a) insurance of houses, buildings, and all other
15 kinds of property against loss or damage by fire or other
16 casualty;

(b) all kinds of insurance on goods, merchandise, or
other property in the course of transportation, whether by
land, water, or air;

(c) insurance against loss or damage to motor vehicles
resulting from accident, collision, or marine and inland
navigation and transportation perils;

23 (d) insurance of growing crops against loss or damage24 resulting from hail or the elements;

25 (e) insurance against loss or damage by water to any

24 passage and approval.

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goods. or premises arising from the breakage or leakage of
 sprinklers, pumps, or other apparatus;

3 (f) insurance against loss or legal liability for loss
4 because of damage to property caused by the use of teams or
5 vehicles, whether by accident or collision or by explosion
6 of any engine, tank, boiler, pipe, or tire of any vehicle;
7 and

8 (g) insurance against theft of the whole or any part9 of any vehicle.

10 (7) On July 1 of each year the treasurer of each 11 association\_sball\_calculate\_the\_total\_amount\_of\_services 12 disability, and survivorship benefits paid to members and 13 their beneficiaries during the previous fiscal year and the total amount of the disability and pension fund as of July 14 15 1. If the amount of payment is greater than the amount of the fund. the treasurer shall report this difference to the 16 17 state auditor before July 31 of each year. The state auditor 18 shall pay the difference out of the premium taxes on 19 insurance\_risks\_enumerated\_in\_subsection\_[6]\_\_to\_\_the 20 treasurer of the appropriate association at the same time as 21 and in addition to the state contributions made under this 22 section.\* 23 Section 2. Effective date. This act is effective on

# STATE OF MONTANA

REQUEST NO. 362-81

# FISCAL NOTE

Form BD-15.

In compliance with a written request received <u>February 12</u>, 19 <u>81</u>, there is hereby submitted a Fiscal Note for <u>House Bill 638</u> pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

### Description of Proposed Legislation

To provide additional funding to fire department relief associations from the insurance premium tax when benefit payments during the preceding fiscal year exceed the amount of the disability and pension funds.

### Fiscal Impact

No fiscal impact is anticipated under this proposal. The measure would only be operative in the event contributions from the city or state were substantially reduced, or if a municipality goes bankrupt.

BUDGET DIRECTOR Office of Budget and Program Planning Date: 2/18/8 (