

CHAPTER 217—H.F.No. 2916

An act relating to public safety; establishing the fire safety account from revenues on fire premiums and assessments; abolishing the fire insurance tax; amending Minnesota Statutes 2004, section 297I.30, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 297I; 299F; repealing Minnesota Statutes 2004, section 297I.05, subdivision 6.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[297I.06] SURCHARGES ON FIRE SAFETY PREMIUMS.**

Subdivision 1. **Insurance policies surcharge.** (a) Except as otherwise provided in subdivision 2, each insurer engaged in writing policies of homeowner's insurance authorized in section 60A.06, subdivision 1, clause (1)(c), or commercial fire policies or commercial nonliability policies shall collect a surcharge equal to 0.65 percent of the gross premiums and assessments, less return premiums, on direct business received by the company, or by its agents for it, for homeowner's insurance policies, commercial fire policies, and commercial nonliability insurance policies in this state.

(b) The surcharge amount collected under paragraph (a) may not be considered premium for any other purpose. The surcharge amount must be separately stated on either a billing or policy declaration sent to an insured.

(c) Amounts collected by the commissioner under this section must be deposited in the fire safety account established pursuant to subdivision 3.

Subd. 2. **Exemptions.** (a) This section does not apply to a farmers' mutual fire insurance company or township mutual fire insurance company in Minnesota organized under chapter 67A.

(b) An insurer described in section 297I.05, subdivisions 3 and 4, authorized to transact business in Minnesota shall elect to remit to the Department of Revenue for deposit in the fire safety account either (1) the surcharge amount collected under this section, or (2) a surcharge of one-half of one percent on the gross fire premiums and assessments, less return premiums, on all direct business received by the insurer or agents of the insurer in Minnesota, in cash or otherwise, during the year.

(c) For purposes of this subdivision, "gross fire premiums and assessments" includes premiums on policies covering fire risks only on automobiles, whether written or under floater form or otherwise.

Subd. 3. **Fire safety account, annual transfers, allocation.** A special account, to be known as the fire safety account, is created in the state treasury. The account consists of the proceeds under subdivisions 1 and 2. \$468,000 in fiscal year 2008 and \$2,268,000 in each year thereafter is transferred from the fire safety account in the special revenue fund to the general fund to offset the loss of revenue caused by the repeal of the one-half of one percent tax on fire insurance premiums. The general fund base appropriation for the fire marshal program is reduced by \$2,832,000 in fiscal year 2008 and each year thereafter. The base funding for the fire marshal program from the fire safety account in the special revenue fund shall be \$2,832,000 in fiscal year 2008 and each year thereafter.

Sec. 2. Minnesota Statutes 2004, section 297I.30, is amended by adding a subdivision to read:

Subd. 8. **Fire insurance surcharge.** On or before May 15, August 15, November 15, and February 15 of each year, every insurer required to pay the surcharge under section 297I.06, subdivisions 1 and 2, shall file a return with the commissioner for the preceding three-month period ending March 31, June 30, September 30, and December 31, setting forth any information the commissioner reasonably requires on forms prescribed by the commissioner.

Sec. 3. **[299F.012] FIRE SAFETY ACCOUNT.**

Subdivision 1. **Authorized programs within department.** From the revenues appropriated from the fire safety account, established under section 297I.06, subdivision 3, the commissioner of public safety may expend funds for the activities and programs identified by the advisory committee established under subdivision 2 and recommended to the commissioner of public safety. The commissioner shall not expend funds without the recommendation of the advisory committee established under subdivision 2. These funds are to be used to provide resources needed for identified activities and programs of the Minnesota fire service and to ensure the State Fire Marshal Division responsibilities are fulfilled.

Subd. 2. **Fire Service Advisory Committee.** The Fire Service Advisory Committee shall provide recommendations to the commissioner of public safety on fire service related issues and shall consist of representatives of each of the following organizations: two appointed by the president of the Minnesota State Fire Chiefs Association, two appointed by the president of the Minnesota State Fire Department Association, two appointed by the president of the Minnesota Professional Fire Fighters, two appointed by the president of the League of Minnesota Cities, one appointed by the president of the Minnesota Association of Townships, one appointed by the president of the Insurance Federation of Minnesota, one appointed jointly by the presidents of the Minnesota Chapter of the International Association of Arson Investigators and the Fire Marshals Association of Minnesota, and the commissioner of public safety or the commissioner's designee. The commissioner of public safety must ensure that at least three of the members of the advisory committee work and reside in counties outside of the seven-county metropolitan area. The committee shall provide funding recommendations to the commissioner of public safety from the fire safety fund for the following purposes:

- (1) for the Minnesota Board of Firefighter Training and Education;
- (2) for programs and staffing for the State Fire Marshal Division; and
- (3) for fire-related regional response team programs and any other fire service programs that have the potential for statewide impact.

Subd. 3. **Report; accounting; carryover.** The commissioner of public safety shall, by December 1 of each year, (1) provide an accounting of how the funds in the fire safety account were spent in the preceding fiscal year and (2) report any funds not spent in a fiscal year to the chairs of the committees of the house of representatives and the senate having jurisdiction over public safety finance. Money in the account does not cancel but remains available for expenditures for the programs identified in subdivisions 1 and 2.

Sec. 4. **REPEALER.**

Minnesota Statutes 2004, section 297I.05, subdivision 6, is repealed.

Sec. 5. **EFFECTIVE DATE; APPLICATION.**

Sections 1 to 4 are effective July 1, 2007, and apply to policies written or renewed on or after that date.

Presented to the governor May 18, 2006

Signed by the governor May 22, 2006, 6:45 p.m.