

Testimony Regarding HB 2242
House Insurance and Pensions Committee
Doug Jorgensen, State Fire Marshal

February 17, 2021

I want to thank the committee for the opportunity to appear here today and present supportive and informational testimony on HB 2242. The Office of the State Fire Marshal is completely fee funded and receives no State General Funds. The majority of our funding comes from the Insurance Premium Levee that also supports the Board of Emergency Services and the Kansas Fire and Rescue Training Institute. The three agencies currently split 1.25% of the insurance premium levees collected by the state. K.S.A. 75-1508 sets out that of the 1.25%, .80% goes to the Fire Marshal Fee Fund, .25% goes to the Emergency Medical Services Board, and .20% goes to the Kansas Fire and Rescue Training Institute.

The amount our agency receives from the Insurance Premium Fund is currently not sufficient to fund the statutory and legislative responsibilities currently mandated to the agency. The last time there was an increase in the Insurance Premium Levee amount to the Fire Marshal's Office was in 1983 when the total percentage was raised to the current 1.25%. In 2002 it was reduced to 1.0% and in 2004 back to the 1.25%. In 2004 the Emergency Medical Services Board and Kansas Fire and Rescue Training were also added, and it reduced our portion of the levee from 1.25% to .80%. It took our agency until 2012 to return to the same level of funding we were receiving in 2003.

The second issue affecting our current lack of sufficient funding was the sweeping of 9.25 million dollars from the Fire Marshal Fee Fund from 2015 thru 2019. Our office relied on those reserves to cover any shortfall from the Insurance Premium Levee. We receive the majority of our transfers from the Insurance Premium Levee in June and December. We basically operate on two, 6-month fiscal years. Since we receive a significant transfer in June, it always looks like we have a high ending balance at the end of the fiscal year. That however is not the case since those June funds are needed to operate thru the first half of the new fiscal year. The June and December transfer are no longer sufficient to cover the current budget for our office. The current allocation from the Insurance Premium Levee fund do not cover Legislative and Governor approved cost of living increases, inflation, and rising cost indices. Our agency was also given the responsibility of administering the state search and rescue program in FY 2016 and legislative approval to hire 4 additional inspectors in FY 2020 with no increase in funding for either item.

In order to balance our funding with expenses this fiscal year we had to discontinue our Kansas Fire Fighter Recruitment and Safety Grant and our Get Alarmed Kansas Smoke Alarm Program. Increasing our funding would allow us to bring both of those programs back and better serve the fulltime and volunteer firefighter departments and the citizens of the state.

In closing, I ask the committee to seriously consider this increase in funding request so our office can fulfill our statutory and legislative mandates and continue to provide for the safety of our state firefighters and our citizens.

2020 Statute

[Prev](#)

[Article 15. - STATE FIRE MARSHAL](#)

[Next](#)



75-1508. Taxes on fire insurance business; imposition and purpose; support of state fire marshal, emergency medical services board and fire service training program of university of Kansas. (a) For the purpose of maintaining the department of the state fire marshal and the payment of the expenses incident thereto, each fire insurance company doing business in this state shall pay to the commissioner of insurance, on or before March 15 each year, in addition to the taxes, fees and charges now required by law to be paid by it, such levy as may be made by the state fire marshal. The levy shall not be more than .80% for calendar year 2004, and each calendar year thereafter, of a sum equal to the gross cash receipts as premiums of such company on all fire business transacted by it in the state of Kansas during the calendar year next preceding, as shown by its annual statement under oath to the state insurance department.

(b) For the purposes of maintaining the emergency medical services board and the payment of the expenses incident thereto, each fire insurance company doing business in this state shall pay to the commissioner of insurance, on or before March 15 each year, beginning with calendar year 2002 and each calendar year thereafter, in addition to the taxes, fees and charges now required by law to be paid by it, such levy as may be made by the emergency medical services board. The levy shall not be more than .25% of a sum equal to the gross cash receipts as premiums of such company on all fire business transacted by it in the state of Kansas during the calendar year next preceding, as shown by its annual statement to the state insurance department generated by or at the direction of its president and secretary or other chief officers under penalty of K.S.A. 2020 Supp. 21-5824, and amendments thereto.

(c) For the purposes of maintaining the fire service training program of the university of Kansas and the payment of the expenses incident thereto, each fire insurance company doing business in this state shall pay to the commissioner of insurance, on or before March 15 each year, beginning with calendar year 2004, and each calendar year thereafter, in addition to the taxes, fees and charges now required by law to be paid by it, such levy as may be made by the Kansas fire service training commission. The levy shall not be more than .20% of a sum equal to the gross cash receipts as premiums of such company on all fire business transacted by it in the state of Kansas during the calendar year next preceding, as shown by its annual statement under oath to the state insurance department.

(d) The director of the fire service training program of the university of Kansas shall submit a report concerning expenditures and activities of the fire service training program of the university of Kansas to the house committee on appropriations on or before February 1, 2005, and each ensuing year thereafter.

History: R.S. 1923, 75-1508; L. 1939, ch. 297, § 6; L. 1957, ch. 440, § 1; L. 1973, ch. 309, § 41; L. 1983, ch. 277, § 1; L. 2002, ch. 147, § 2; L. 2003, ch. 6, § 1; L. 2004, ch. 49, § 1; L. 2007, ch. 122, § 6; L. 2011, ch. 30, § 273; July 1.

History of 75-1508. Taxes on fire insurance business; imposition and purpose; support of state fire marshal, emergency medical services board and fire service training program of university of Kansas.

1913 Chapter 312 of the session laws- Office of the State Fire Marshal created. "For the purpose of maintaining the department of the state fire marshal and the payment of expenses incident thereto, each fire insurance company doing business in this state shall pay to the state superintendent of insurance, on or before the 15th day of March of each year, beginning with the year 1913 and each year after, in addition to the taxes, fees and charges now required by law to be paid by it, such levy as may be made by the state fire marshal; provided, that said levy shall be not more than **three-eighths of one percent** of a sum equal to the gross cash receipts as premiums of such company on all business transacted by it in the state of Kansas during the year next preceding, as shown by its annual statement under oath to the state insurance department.

1917 Chapter 198 of the session laws- repeals chapter 312. Adds some additional fines and requirements and increases the fees to **one-half of one percent**.

1919 Chapter 284 of the session laws- Minor language change on the funding but percentage stays the same.

1923 The office, its powers and authorities broken out into individual statutes- 75-1508 Insurance company fees; expenses of office. Percentage does not change.

1935 Reported for reenactment to correct defective legislative procedure. Percentage does not change

1939 Only updates the year for collecting the fees to 1939, percentage does not change

1957 Increases the percentage to **three-fourths of one percent (.75%)**

1973 No change to percentage but does remove the language –“If any portion of such special fund remains unexpended at the end of the year for which it is required to be paid and a statement filed so certifying, it shall be carried forward to the next fiscal year and the next assessment correspondingly reduced”.

1983 Percentage increased to current 1.25%

2002 Percentage reduced to 1.0% for 2003 and 2004 and back to 1.25% for 2005 and ensuing years.

2003 Percentage reduced to 1.0% for 2002 and 2003 and back to 1.25% for 2004 and ensuing years. A one-year levy, expiring July 1, 2004, of .25% added to fund the emergency medical services board.

2004 Title of the statute changed. Percentage for fire marshal office changed to .80%. Emergency medical services board continued at .25%. University of Kansas fire service training program added at .20%. For a total of the original 1.25%

2007 Additional language to the section on the emergency services board

2011 Statute in the emergency medical services board section changed

2018 Statute in the emergency medical services board section changed.

Financial Outlook – History of Fee Fund

History of the Fire Insurance Levy and Fire Marshal Fee Fund

	FY2004 Split Implemented	FY2005	FY2012	FY2018	FY2019	FY2020	FY2021 Estimate	FY2022 Estimate
FIRE INSURANCE LEVY								
Levy on Fire Insurance Premiums	5,490,807	5,590,357	7,101,711	8,513,697	8,842,158	9,167,082	9,258,000	9,351,000
Less Transfers of the Levy to:								
State General Fund	0	(200,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Board of EMS	(622,269)	(1,119,049)	(1,400,342)	(1,682,739)	(1,748,432)	(1,813,416)	(1,832,000)	(1,851,000)
KJ Fire & Rescue Inst	(419,198)	(895,080)	(1,120,274)	(1,346,191)	(1,398,745)	(1,450,733)	(1,465,000)	(1,480,000)
Levy Revenues Available for the Fire Marshal's Office	4,449,340	3,376,228	4,481,095	5,384,767	5,594,981	5,802,933	5,861,000	5,920,000

OSFM Revenues Down From FY2004

Primary Source of Funding – Levies on Fire Insurance Premiums

- Started in 1913 with the establishment of our agency.
- In FY2004, the fund was split with the Board of Emergency Medical Services (BEMS), and University of Kansas Fire and Rescue Training Institute (KFRTI).
 - 1.25% levy on Fire Insurance Premiums, OSFM 80%, BEMS 25%, KFRTI 20%.
- Did not recover to the FY2004 level of funding until FY2012.
- The bulk of the payments are received in December and June, essentially requiring us to fiscally operate 6 months at a time.
 - The June receipts, which are reflected in the fiscal year ending balances, have to cover agency expenses for the first half of the next fiscal year.

