

BILL ANALYSIS

Senate Research Center

H.B. 2604
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Finance
5/2/2001
Engrossed

DIGEST AND PURPOSE

Currently, fund-raisers and donations supply the primary source of revenue for volunteer fire departments (departments) that generally receive less than \$5,000 per year from the county. H.B. 2604 requires the comptroller of public accounts to assess all insurers in an amount that totals \$15 million for each 12-month period, to be credited to the volunteer fire department assistance fund.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Director of the Texas Forest Service of the Texas A&M University System in SECTION 1 (Section 614.072, Government Code), to the Commissioner of Insurance in SECTION 2 (Sec. 3 and Sec. 4, Chapter 5M, Insurance Code), and to the comptroller in SECTION 2 (Sec. 4, Chapter 5M, Insurance Code), of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 614, Government Code, by adding Subchapter F, as follows:

SUBCHAPTER F. RURAL VOLUNTEER FIRE DEPARTMENT ASSISTANCE PROGRAM

Sec. 614.071. DEFINITIONS. Defines “director,” “fund,” “program,” “service,” “part-paid fire department,” and “volunteer fire department.”

Sec. 614.072. ADMINISTRATION OF PROGRAM. (a) Requires the Texas Forest Service (service) to administer the program established under this subchapter, and authorizes the director to adopt rules necessary to assist volunteer fire departments in paying for equipment and training of personnel.

(b) Authorizes the service to employ staff to administer the program.

(c) Requires the director to determine reasonable criteria and qualifications for the distribution of money from the volunteer fire department assistance fund and establish a procedure for reporting and processing requests for money from the fund.

(d) Prohibits a volunteer fire department from being denied assistance from the fund solely because the department receives funds from a political subdivision.

(e) Requires the director to prepare an annual written report on the activity, status, and effectiveness of the fund and to submit the report to the lieutenant governor, the speaker of the house of representatives, and the comptroller before November 1 of each year.

(f) Prohibits any assistance or benefits provided under this subchapter to a volunteer fire department or a firefighter who is a member of a volunteer fire department from being considered compensation, and prohibits a firefighter receiving assistance under this subchapter from being considered to be in the paid service of any governing body.

(g) Prohibits administration costs associated with the program during a state fiscal year from exceeding seven percent of the total revenue collected from the assessment under Article 5.102, Insurance Code, during the previous fiscal year.

Sec. 614.073. REQUESTS FOR ASSISTANCE. (a) Requires a request for assistance from the fund to be submitted to the director.

(b) Requires the director, on receiving a request for assistance, to determine whether to provide assistance and the amount of the assistance to be provided, if any, based on the criteria developed under Section 614.072. Requires a written copy of the decision to be sent to the requestor.

Sec. 614.074. FUND. (a) Provides that the volunteer fire department assistance fund is an account in the general revenue fund and is composed of money collected under Article 5.102, Insurance Code, and contributions to the fund from any other source.

(b) Authorizes money in the fund to be used only for a purpose under this subchapter.

SECTION 2. Amends Chapter 5M, Insurance Code, by adding Article 5.102, as follows:

Art. 5.102. ASSESSMENT FOR RURAL FIRE PROTECTION

Sec. 1. DEFINITIONS. Defines “insurer” and “net direct premium.”

Sec. 2. APPLICABILITY. Provides that this article applies only to an insurer that writes an insurance policy described by Section 1(2) of this article.

Sec. 3. ASSESSMENT. (a) Requires the comptroller to assess all insurers in an amount that totals \$15 million for each 12-month period. Requires each insurer to pay a portion of the assessment in the proportion that the insurer's net direct premiums for the period for which the assessment is made bear to the aggregate net direct premiums written in this state for that period.

(b) Requires the comptroller to assess the insurers on or before September 1 of each year.

(c) Requires an insurer to pay the amount assessed under this section on or after the 60th day after the date the comptroller assesses the insurer.

(d) Provides that an insurer may recover an assessment under this section by reflecting the assessment as an expense in a rate filing required under this code or charging the insurer's policyholders.

(e) Requires an insurer that recovers an assessment under this section from the insurer's policyholders to provide a notice to each policyholder of the amount of the assessment being recovered. Authorizes the notice required by this subsection to be included on a declarations page, renewal certificate, or billing statement. Authorizes the commissioner by rule to adopt a form for providing notice under this subsection.

(f) Requires the comptroller to credit assessments collected under this article to the volunteer fire department assistance fund created under Section 614.074, Government Code.

Sec. 4. RULES; COOPERATION. (a) Requires the comptroller and the commissioner to adopt rules as necessary to implement this article.

(b) Requires the comptroller and the department to cooperate as necessary to implement this article.

Sec. 5. EXPIRATION. Provides that this article expires September 1, 2011.

SECTION 3. (a) Effective date: July 1, 2001, or September 1, 2001.

(c) Prohibits the director of the Texas Forest Service from granting a request for assistance under Subchapter F, Chapter 614, Government Code, as added by this Act, before September 1, 2002.

(d) Requires the comptroller of public accounts to make the first assessment under Article 5.102, Insurance Code, as added by this Act, in 2002.