

Filed for intro on 01/31/2002
SENATE BILL 2647 By
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HOUSE BILL 3058
By Jones, S.

AN ACT to amend Tennessee Code Annotated, Title 4, Chapter 24
and Title 56, relative to firefighters.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, is amended by adding Sections 2
through 10 as a new part thereto.

SECTION 2.

(a) Every domestic, foreign, or alien insurer, other than life and health insurers, shall charge and collect a surcharge of one dollar and fifty cents (\$1.50) upon each one hundred dollars (\$100) of premium, assessments, or other charges, made by it for insurance coverage provided to its policyholders, on risk located in this state, whether the charges are designated as premiums, assessments, or otherwise. The premium surcharge shall be collected by the insurer from its policyholders at the same time and in the same manner that its premium or other charge for the insurance coverage is collected. The premium surcharge shall be disclosed to policyholders pursuant to administrative regulations promulgated by the commissioner of commerce and insurance. No insurer or its agent shall be entitled to any portion of any premium

surcharge as a fee or commission for its collection. On or before the twentieth (20th) day of each month, each insurer shall report and remit to the department of commerce and insurance, on forms as it may require, all premium surcharge monies collected by it during its preceding monthly accounting period less any monies returned to policyholders as applicable to the unearned portion of the premium on policies terminated by either the insured or the insurer. Insurers with an annual liability of less than one thousand dollars (\$1,000) for each of the previous two (2) calendar years may report and remit to the department of commerce and insurance all premium surcharge monies collected on a calendar year basis on or before the twentieth (20th) day of January of the following calendar year. The funds derived from the premium surcharge shall be deposited in the general fund, and shall constitute a fund allocated for the uses and purposes of the Firefighters Foundation Program Fund.

(b) Effective July 1, 2004, the surcharge rate in subsection (a) shall be adjusted by the commissioner of commerce and insurance to a rate calculated to provide sufficient funds for the uses and purposes of the Firefighters Foundation Program Fund for each fiscal year. The rate shall be calculated using as its base the number of local governmental entities eligible for participation in the funds upon the effective date of this act. To allow the commissioner of commerce and insurance to calculate an appropriate rate, the commissioner of finance and administration shall certify no later than January 1 of each year, the estimated budgets for the Firefighters Foundation Program Fund, including any surplus monies in the fund, which shall be incorporated into the consideration of the adjusted rate for the next biennium. As soon as practical, the commissioner of finance and administration shall advise the commissioner of commerce and insurance of the new rate and the commissioner shall inform the affected insurers. The rate adjustment process shall continue on a biennial basis. Within five (5) days after the end of each month, all insurance premium surcharge proceeds deposited in the

general fund as set forth in this section shall be paid by the comptroller of the treasury into the Firefighters Foundation Program Fund trust.

(c) Insurance premium surcharge funds collected from the policyholders of any domestic mutual company, cooperative, or assessment fire insurance company shall be deposited in the general fund, and shall be paid monthly by the comptroller of the treasury into the Firefighters Foundation Program Fund. Insurance premium surcharge funds collected from policyholders of any mutual company, cooperative, or assessment fire insurance company which transfers its corporate domicile to this state from another state after the effective date of this act shall be paid into the Firefighters Foundation Program Fund.

SECTION 3.

(a) On or before the first day of each quarter, the comptroller of the treasury shall pay into the fund's trust and agency account its proportionate share of all deposited tax monies.

(b) Monies deposited in the Firefighters Foundation Program Fund's trust and agency account, shall be invested by the state in accordance with state investment practices, and all earnings from such investments shall accrue to, and be paid into, the respective account from which such investments are made.

SECTION 4.

(a) This chapter shall apply to the personnel of all fire departments in the state whether paid or unpaid, or both.

(b) Except as expressly provided in this act, nothing in this act shall be deemed to limit the powers, rights, duties, and responsibilities of municipal or county governments.

SECTION 5. There is established the "Firefighters Foundation Program Fund" consisting of appropriations from the general fund and insurance premium surcharge proceeds

and earnings on the investments of those proceeds which accrue to such fund pursuant to this act. The fund may also receive any other funds, gifts or grants made available to the state for distribution to local governments and volunteer fire departments.

SECTION 6. Each local government which meets the following requirements shall be eligible to share in the distribution of funds from the fund:

- (1) Employs one (1) or more firefighters;
 - (2) Pays every firefighter a minimum annual salary of eight thousand dollars (\$8,000);
 - (3) Maintains the minimum educational requirement of a high school degree, or its equivalent, for employment of firefighters;
 - (4) Requires all firefighters employed on or after the effective date of this act, to successfully complete a basic training course of a minimum of four hundred (400) hours duration within one (1) year of the date of employment at a school or method certified or recognized by the commissioner of commerce and insurance;
 - (5) Requires all firefighters to successfully complete in each calendar year an in-service training program, appropriate to the firefighters rank and responsibility, of at least one hundred (100) hours duration at a school certified or recognized by the commissioner;
 - (6) Requires compliance with all provisions of law applicable to local firefighters;
- and
- (7) Requires compliance with all rules and regulations, appropriate to the size and location of the local fire department, issued by the commissioner to facilitate the administration of the fund.

SECTION 7.

(a) The commissioner of commerce and insurance shall administer the fund and may promulgate reasonable rules and regulations pursuant to Title 4, Chapter 5, to facilitate the administration of the fund.

(b) The commissioner shall determine which local governments are eligible to share in the fund and may withhold or terminate payments to any local government that does not comply with the requirements of this act.

SECTION 8.

(a) Beginning July 1, 2004, an eligible local government shall be entitled to receive annually a supplement of two thousand seven hundred fifty dollars (\$2,750) for each qualified professional firefighter it employs.

(b) Each qualified professional firefighter, whose local government receives a supplement pursuant to subsection (a), shall be paid by that local government the supplement which such firefighter's qualifications brought to the local government. The supplement paid each qualified firefighter shall be in addition to the firefighter's regular salary or any other supplements.

SECTION 9.

(a) Funds made available to local governments shall be received, held and expended in accordance with the provisions of this act and shall be subject to the following:

(1) Funds provided shall be used only as a cash salary supplement to firefighters;

(2) Funds provided shall be used only to compensate firefighters who have complied with subdivisions (3) and (4) of Section 6; and

(3) Funds shall not be used to supplement existing salaries or as a substitute for normal salary increases periodically due to firefighters.

SECTION 10.

(a) The commissioner of finance and administration shall allot on an annual basis a share of the funds accruing to, and appropriated for, volunteer fire department aid to volunteer fire departments in cities of all classes. The commissioner shall allot eight thousand dollars (\$8,000) annually to each qualifying department.

(b) The Firefighters Foundation Program Fund is hereby created and established, for the purposes of constructing new or upgrading existing training centers for firefighters. If any monies in the training center fund remain uncommitted, unobligated, or unexpended at the close of the first fiscal year of the biennium, then such monies shall be carried forward to the second fiscal year of the biennium, and shall be reallocated to, and for the use of, the training center fund. Prior to funding any project pursuant to this subsection, a proposed project shall be approved by the state building commission.

SECTION 11. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 12. This act shall take effect July 1, 2002, the public welfare requiring it.