

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 518 - SB 1395

February 16, 2019

SUMMARY OF BILL: Effective January 1, 2020, establishes a program authorizing the Commissioner of the Department of Commerce and Insurance (DCI) to provide equally geographically-distributed grants to select volunteer fire departments for training and equipment purchases.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$127,900/FY19-20
\$255,700/FY20-21 and Subsequent Years**

**Decrease Local Expenditures – \$127,900/FY19-20
\$255,700/FY20-21 and Subsequent Years**

Assumptions:

- The proposed legislation authorizes the Commissioner to provide grants to volunteer fire departments for training and purchasing equipment or to meet the local funding match requirements of federal grants for training and purchasing equipment; it is presumed the Commissioner will provide the local share of the federal funding match requirements.
- Local volunteer fire departments may apply for federal funding assistance through the Federal Emergency Management Agency (FEMA) Assistance to Firefighters Grant (AFG) Program.
- Based on information provided in a Congressional Research Service (CRS) report on the AFG funding distribution, the average annual total of AFG allocations awarded in Tennessee is \$7,868,000.
- Based on information provided in the CRS report, the average distribution of total AFG allocations to volunteer fire departments is 32.5 percent.
- It is estimated that total AFG allocations paid to volunteer fire departments annually in Tennessee is \$2,557,100 (\$7,868,000 average total x 32.5% volunteer category distribution).
- According to FEMA, local match requirements to be funded by individual fire departments for allocations provided by the AFG are five percent for jurisdiction populations under 20,000; 10 percent for jurisdiction populations between 20,000 and 1,000,000; and 15 percent for jurisdiction populations greater than 1,000,000.
- It can be reasonably estimated that DCI would fund the majority of volunteer fire department match requirements at the median and average rate of 10 percent.

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- The recurring increase in state expenditures is estimated to be \$255,710 (\$2,557,100 average grant total x 10% matching requirement). Due to the effective date of January 1, 2020, the first-year impact (FY19-20) is assumed to be 50 percent of the first full-year impact, or \$127,855 (\$255,710 x 50%).
- The decrease in local expenditures is estimated to be \$127,855 in FY19-20 and \$255,710 in FY20-21 and subsequent years, as the state will cover the local match requirements of the federal grant.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- The proposed legislation authorizes the state to provide local volunteer fire departments with grants for training and equipment purchases; it is not estimated to have a significant impact to commerce or jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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