Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

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ORIGINAL

Bill Number:HB2069Patron:GarrettBill Title:Insurance; Fire Programs Fund; purposes; Aid to Localities Grant Program.

Bill Summary: Increases the assessment on gross premium income for certain insurance companies from one percent to 1.5 percent, with proceeds going to the Fire Programs Fund. The bill provides that the portion of the Fire Programs Fund allocated to localities may be used for the additional purposes of (i) constructing, improving, or expanding fire station facilities; (ii) providing mental health resources for fire personnel; or (iii) hiring additional fire personnel and funding recruitment and retention programs. The bill also prohibits such funds from being used, except as provided, for the purposes of investments, operating expenses, debt repayment, taxes, or fees.

The bill also establishes the Aid to Localities Grant Program, to be funded by 0.25 percent of the assessments on insurance companies, beginning January 1, 2026, for the purposes of providing assistance to local fire departments that are at risk of closing or facing major violations due to the lack of funds needed to be in compliance with relevant laws and regulations.

Budget Amendment Necessary:YesItems Impacted:405Explanation:An additional 1.0 fulltime equivalent position and associated nongeneral fund appropriation
is required to administer the expanded program.405

Fiscal Summary: According to the Department of Fire Programs (DFP), an additional position and associated nongeneral fund support will be required to administer the expanded grant program. The additional 0.5 percent increase to the assessment on certain insurance companies may impact annual nongeneral fund revenues (see fiscal analysis section below).

Nongeneral Fund Expenditure Impact:

Agency	FY2025	FY2026	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	FY2030
DFP		\$118,025	\$118,025	\$118,025	\$118,025	\$118,025
TOTAL		\$118.025	\$118.025	\$118.025	\$118.025	\$118.025

Position Impact:

Agency	FY2025	FY2026	FY2027	FY2028	FY2029	<u>FY2030</u>
DFP		1.00	1.00	1.00	1.00	1.00
TOTAL		1.00	1.00	1.00	1.00	1.00

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Fiscal Analysis: According to the Department of Fire Programs (DFP), an additional 1.00 fulltime equivalent position and \$118,025 nongeneral fund appropriation is required to administer the proposed expanded grant program. The required position is a Grants Administrator with a base salary of \$75,000. Existing provisions in § 38.2-401 of the Code of Virginia allows for a portion of the nongeneral fund revenues generated from the assessment on certain insurance companies to be used to carry out the powers and duties assigned to DFP, which would include the proposed Aid to Localities Grant Program. According to the agency, the 0.5 percent increase to assessments on certain insurance companies would generate sufficient revenue to fund the required position.

Preliminary estimates indicate that the 0.5 percent increase to assessments on certain insurance companies, as proposed by the bill, may generate the following annual nongeneral fund revenues for the Fire Programs Fund:

- FY26: \$71,786,665
- FY27: \$78,349,098
- FY28: \$84,911,531
- FY29: \$91,473,965
- FY30: \$98,036,399

The Virginia State Corporation Commission (SCC) is the entity responsible for collecting the assessment on certain insurance companies on behalf of DFP. The SCC may be able to provide more accurate revenue generation estimates, but such estimates are not yet available.

Other: None.