

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
Department of Fire Programs		\$39,882,260	\$85,870,386			
TOTAL		\$39,882,260	\$85,870,386			

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
Department of Fire Programs			\$37,610,817			
<i>TOTAL</i>			\$37,610,817			

Fiscal Analysis:

Background

As per existing § 38.2-401 of the Code of Virginia, the Fire Programs Fund generates revenue through an annual assessment of one percent of the total direct gross premium income for all licensed insurance companies doing business in the Commonwealth providing fire insurance, miscellaneous property insurance, marine insurance, homeowners insurance, and farmowners insurance. Of the total annual revenue generated for the Fire Programs Fund:

- \$1,000,000 is committed to the Fire Services Grant Program.
- \$100,000 is committed to the Department of Forestry to support a Dry Fire Hydrant Grant Program.
- \$160,810 is committed to support hazardous materials training (as per Item 398 of HB30/SB30 (Introduced Budget))
- 75 percent of the remaining amount of funds after the above distributions are deducted is committed to providing aid to localities for the improvement of volunteer and career fire services.
- The remaining amount of funding after the above distributions are made is available to be used for the purposes of carrying out the powers and duties assigned to DFP and to cover expenses associated with the Virginia Fire Services Board.

The SCC is responsible for collecting the assessment on insurance companies and transferring the revenues to DFP to be used in the following fiscal year (i.e. revenues generated in FY2027 will be used in FY2028).

Fiscal Impact of SB775 on Fire Programs Fund Revenues

Based on nongeneral fund revenue estimates submitted by DFP and SCC during budget development for the 2026 Introduced Budget, below are the original nongeneral fund revenue estimates for FY2027 and FY2028, as well as updated estimates reflecting the impacts of the bill:

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Original FY2027 Estimate	Original FY2028 Estimate	Updated FY2027 Estimate (1.5%)	Updated FY2028 Estimate (2.0%)
\$79,764,521	\$85,870,386	\$119,646,782	\$171,740,772

According to the SCC, the impact estimates assume a total direct gross premium income from licensed insurance companies to be approximately \$7.9 billion in FY2027 and \$8.5 billion in FY2028. From these amounts, DFP applied the 1.5 percent assessment to the FY2027 estimated direct gross premium income and the 2.0 percent assessment to the FY2028 estimated direct gross premium income, as per the provisions of the bill. As such, the fiscal impact of the bill is anticipated to provide an additional revenue of \$39,882,260 in FY2027 and \$85,870,386 in FY2028, over original estimates.

Fiscal impact of SB775 on Fire Programs Fund Expenditures

The fiscal impact of the bill is not anticipated to impact any agency expenditures until FY2028. However, according to DFP, approximately \$29.6 million is estimated to be available for the proposed Virginia At Risk Fire Grant Program. This estimate is calculated by reducing the FY2027 total estimated revenue of \$119,646,780 by \$1,260,810, as per existing code and budget language, resulting in \$118,385,970 remaining for grant funding. The 0.25 percent, as per the provisions of the bill, is applied to the \$118,385,970 remaining balance, reserving \$29,596,492.50 for the newly proposed Virginia At Risk Fire Grant Program. The remaining \$88,789,477.50 is subject to 75 percent for general aid to localities and 25 percent for agency operations, resulting in an estimated \$66,592,108.12 for aid to localities for the improvement of volunteer and career fire services and \$22,197,369.38 for agency operations. DFP originally estimated \$58.5 million for aid to localities and \$19.6 million for agency operations in FY2028, resulting in an increase of approximately \$8,014,325 for aid to localities and \$2,571,441.38 for agency operations. Due to the impact on agency expenditures in the second year of the biennial budget, the agency will develop a plan for the use of additional revenues for agency operations and may submit a budget request for the Amended Budget.

In addition, the bill proposes to establish the Firefighter Personal Protective Equipment (PPE) Fund, but does not appropriate any funds to it, nor does it require any funds from the assessments on total direct gross premium income from licensed insurance companies to be used for such fund. Therefore, the fiscal impact of this new grant program is indeterminate at this time, however it is likely the agency will require additional grants administration personnel to address the increased workload.

The provisions of the bill relating to increasing vehicle registration fees are not anticipated to have any fiscal impact on agency operations. These provisions appear to codify existing budget language in Item 3-6.02 of HB30/SB30 (Introduced Budget).

Other: Note – the estimates provided in the *Nongeneral Fund Expenditure Impact* chart above include the additional \$29.6 million for the newly proposed Virginia At Risk Fire Grant Program and the incremental

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\$8,014,325 increase for aid to localities. Additional nongeneral fund appropriation may be provided to DFP for agency operations upon submission of a budget request for the Amended Budget.