

Senator Leonard M. Blackham proposes the following substitute bill:

RETIREMENT AND FIREFIGHTER FUNDING AMENDMENTS

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: D. Chris Buttars

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act and the Public Safety Code by amending certain funding provisions related to firefighter retirement and the fire academy.

Highlighted Provisions:

This bill:

- ▶ eliminates state funding of firefighter retirement through the use of the taxes on certain property insurance and life insurance premiums;
- ▶ reduces the amount dedicated to fund the Fire Academy and the State Fire Marshal Division through the use of the taxes on certain property insurance and life insurance premiums;
- ▶ provides intent language; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2005.

Utah Code Sections Affected:

AMENDS:



26 49-16-301, as last amended by Chapter 252, Laws of Utah 2003

27 53-7-204.2, as last amended by Chapter 252, Laws of Utah 2003

28 **Uncodified Material Affected:**

29 ENACTS UNCODIFIED MATERIAL



31 *Be it enacted by the Legislature of the state of Utah:*

32 Section 1. Section 49-16-301 is amended to read:

33 **49-16-301. Contributions -- Two divisions -- Election by employer to pay**
34 **employee contributions -- Accounting for and vesting of worker contributions --**
35 **Deductions.**

36 (1) [~~In addition to the monies paid to this system under Subsection (6), participating~~]
37 Participating employers and firefighter service employees shall jointly pay the certified
38 contribution rates to the office to maintain this system on a financially and actuarially sound
39 basis.

40 (2) For purposes of determining contribution rates, this system is divided into two
41 divisions according to Social Security coverage as follows:

42 (a) members of this system with on-the-job Social Security coverage are in Division A;
43 and

44 (b) members of this system without on-the-job Social Security coverage are in Division
45 B.

46 (3) (a) A participating employer may elect to pay all or part of the required member
47 contributions, in addition to the required participating employer contributions.

48 (b) Any amount contributed by a participating employer under this section shall vest to
49 the member's benefit as though the member had made the contribution.

50 (c) The required member contributions shall be reduced by the amount that is paid by
51 the participating employer.

52 (4) (a) All member contributions are credited by the office to the account of the
53 individual member.

54 (b) This amount is held in trust for the payment of benefits to the member or the
55 member's beneficiaries.

56 (c) All member contributions are vested and nonforfeitable.

57 (5) (a) Each member is considered to consent to payroll deductions of member
58 contributions.

59 (b) The payment of compensation less these payroll deductions is considered to be full
60 payment for services rendered by the member.

61 ~~[(6) (a) In addition to contribution rates described under this section, there shall be paid
62 to the Firefighters' Retirement Trust Fund created under Section 49-16-104:]~~

63 ~~[(i) 50% of the annual tax levied, assessed, and collected under Title 59, Chapter 9,
64 Taxation of Admitted Insurers, upon premiums for property insurance, as defined under
65 Section 31A-1-301, and as applied to fire and allied lines insurance collected by insurance
66 companies within the state; and]~~

67 ~~[(ii) 10% of all money assessed and collected under Title 59, Chapter 9, Taxation of
68 Admitted Insurers, upon premiums for life insurance, as defined in Section 31A-1-301, within
69 the state.]~~

70 ~~[(b) Payments to the fund shall be made annually until the service liability is
71 liquidated, after which the tax revenue provided in this Subsection (6) for the Firefighters'
72 Retirement Trust Fund ceases.]~~

73 Section 2. Section **53-7-204.2** is amended to read:

74 **53-7-204.2. Fire Academy -- Establishment -- Fire Academy Support Account --**
75 **Funding.**

76 (1) In this section:

77 (a) "Account" means the Fire Academy Support Account created in Subsection (4).

78 (b) "Property insurance premium" means premium paid as consideration for property
79 insurance as defined in Section 31A-1-301.

80 (2) The board shall:

81 (a) establish a fire academy that:

82 (i) provides instruction and training for paid, volunteer, institutional, and industrial
83 firefighters;

84 (ii) develops new methods of firefighting and fire prevention;

85 (iii) provides training for fire and arson detection and investigation;

86 (iv) provides public education programs to promote fire safety;

87 (v) provides for certification of firefighters, pump operators, instructors, and officers;

88 and

89 (vi) provides facilities for teaching fire-fighting skills;

90 (b) establish a cost recovery fee in accordance with Section 63-38-3.2 for training
91 commercially employed firefighters; and

92 (c) request funding for the academy.

93 (3) The board may:

94 (a) accept gifts, donations, and grants of property and services on behalf of the fire
95 academy; and

96 (b) enter into contractual agreements necessary to facilitate establishment of the school.

97 (4) (a) To provide a funding source for the academy and for the general operation of
98 the State Fire Marshal Division, there is created in the General Fund a restricted account
99 known as the Fire Academy Support Account.

100 (b) The following revenue shall be deposited in the account to implement this section:

101 (i) the percentage specified in Subsection (5) of the annual tax for each year that is
102 levied, assessed, and collected under Title 59, Chapter 9, Taxation of Admitted Insurers, upon
103 property insurance premiums and as applied to fire and allied lines insurance collected by
104 insurance companies within the state;

105 (ii) the percentage specified in Subsection (6) of all money assessed and collected upon
106 life insurance premiums within the state;

107 (iii) the cost recovery fees established by the board;

108 (iv) gifts, donations, and grants of property on behalf of the fire academy; and

109 (v) appropriations made by the Legislature.

110 (5) The percentage of the tax specified in Subsection (4)(b)(i) to be deposited in the
111 account each fiscal year is [~~25%~~] 21%.

112 (6) The percentage of the money specified in Subsection (4)(b)(ii) to be deposited in
113 the account each fiscal year is [~~5%~~] 4%.

114 **Section 3. Intent statement.**

115 It is the understanding of the Legislature that the additional revenues to municipalities
116 and counties in recent years more than off-set the additional funding needed for firefighter
117 retirement previously subsidized by state taxes on certain property and life insurance premiums.

118 The additional revenues have included:

119 (1) sales and use tax revenue for cable and satellite services; and

120 (2) liquor profit distributions.

121 Section 4. **Effective date.**

122 This bill takes effect on January 1, 2005.