

Public Safety Training and Equipment Trust Fund Bill Senate Study Bill 3197

Proposed Action:
Senate Appropriations
Committee
April 5, 2012

Executive Summary Only

An Act concerning public safety, by establishing a public safety training and equipment trust fund, establishing a public safety standards, training, and facilities task force, and making appropriations.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available on line at http://www.legis.iowa.gov/LSA_Reports/noba.aspx
LSA Contacts: Jennifer Acton (515-281-7846) Jeff Robinson (515-281-4614)

FUNDING SUMMARY

- The Bill establishes a Trust Fund under the control of the Iowa Law Enforcement Academy (ILEA) Council. Receipts to the Fund will consist of insurance premium tax receipts generated by insurance products other than life insurance. These receipts are currently deposited in the State General Fund. Moneys in the Fund will not revert to the General Fund of the State, and the interest and earnings on moneys in the Fund will remain in the Fund.

The Bill requires the Department of Revenue to transfer 100.0% of the difference in tax receipts attributable to the specified insurance premium tax liability under Iowa Code Section 432.1(3), paid in calendar year (CY) 2014 as compared to CY 2012, into the Trust Fund. The same 100.0% difference amount is transferred in CY 2015 and CY 2016. The difference amount deposited is reduced to 75.0% in CY 2017 and 50.0% in CY 2018 and after. See the following chart for fiscal details.

Estimated Transfers to the Public Safety Training and Equipment Trust Fund (In Millions)						
Calendar Year	Insurance Premium Tax Receipts	Other Than Life Insurance Tax Receipts	Difference from 2012	Share Transferred	Estimated Transfer	Estimated Transfer Converted to Fiscal Year
2012	\$102.90	\$54.12				
2013	\$105.49	\$55.49	\$1.36	0%	\$0.00	\$0.00
2014	\$106.05	\$55.78	\$1.66	100%	\$1.66	\$0.83
2015	\$107.43	\$56.51	\$2.39	100%	\$2.39	\$2.02
2016	\$109.69	\$57.70	\$3.67	100%	\$3.57	\$2.98
2017	\$112.54	\$59.20	\$5.07	75%	\$3.80	\$3.69
2018	\$115.47	\$60.73	\$6.61	50%	\$3.31	\$3.56

FISCAL IMPACT: This revenue transfer will reduce General Fund revenue by a projected \$0.83 million in FY 2014, increasing to \$3.56 million by FY 2018. Since the CY 2012 revenue base and the growth from that base year are calculated on net insurance tax revenue, and net revenue in this instance means gross tax due minus any tax credits the insurance company may have available, the year-to-year growth in net insurance tax revenue is dependent on the annual level of tax credits utilized by property/casualty insurance companies. Because tax credit redemptions can vary considerably from year-to-year, the actual growth calculated from the base year could be significantly different than the projections provided in the preceding table.

- Appropriates \$50,000 from the General Fund to the Department of Public Safety (DPS) beginning July 1, 2012 (FY 2013), and ending December 31, 2015 (FY 2016).

DETAIL: The DPS will add a 0.4 FTE position for an Administrative Assistant II (780 hour employee) to support the legislation at an annual cost of \$16,700.

NEW PROGRAMS, SERVICES, OR ACTIVITIES

- Beginning July 1, 2014 (FY 2015), moneys in the Trust Fund will be used for training costs at ILEA incurred by a political subdivision of the State and for law enforcement personnel equipment costs, excluding vehicles, incurred by political subdivisions of the State, and subject to appropriation by the General Assembly. It is the intent of the General Assembly that all training costs incurred by a political subdivision be reimbursed from moneys in the Trust Fund and the remaining money, minus money needed for cash flow purposes of the Trust Fund, will be used to reimburse law enforcement equipment costs as determined by the Council.

NOTE: In FY 2010, the cost billed by ILEA for training was \$473,634 to counties and \$666,779 to cities. In FY 2011, the cost billed by ILEA for training was \$422,735 to counties and \$688,732 to cities. In FY 2011, the total police training budget for Cedar Rapids was \$550,000 and for Des Moines was \$1.03 million. The tuition to attend Hawkeye Community College Academy for FY 2011 was \$3,100 per student. The tuition to attend Western Iowa Tech Academy for FY 2011 was \$2,270 per student. Both community colleges stated that in addition to tuition, other funding sources fund significant portions of the overall cost of the public safety training offered. Federal grants, state funds, etc. are among the additional funding sources.

- Beginning July 1, 2014 (FY 2015), up to 10.0% of the total in the Fund, as determined by the ILEA Council, is to be allocated to a capital projects account and used for facility needs at ILEA, subject to appropriation by the General Assembly.

NOTE: Since FY 2001, the ILEA received \$1.3 million in major maintenance funding through the Department of Administrative Services. The ILEA currently has three projects totaling \$250,000 in current unfunded requests.

STUDIES AND INTENT LANGUAGE

- Specifies the membership of the task force. The Bill requires the task force to provide interim reports to the General Assembly by December 31 of each year and to submit a final report, including its findings and recommendations, to the General Assembly by December 31, 2015. The Bill specifies the final report will include recommendations on the consolidation of public safety governance within a single board and the membership of the board, the development of a consolidated fire and police public safety training facility, including possible locations, building recommendations, and financing options, and any other recommendations relating to public safety standards, training, and facilities requirements.