

State Notes

TOPICS OF LEGISLATIVE INTEREST

September/October 2004



Fire Protection Grant Funding Update **By Maria Tyszkiewicz, Fiscal Analyst**

This article is a follow-up to an article published in the November/December 2003 State Notes issue. The information provides an update on the FY 2004-05 appropriation for fire protection grants and a description of the newly created fund source options for this program.

The Fire Protection Grant program, created pursuant to Public Act 289 of 1977, provides payments to local units of government in lieu of property taxes for fire protection of state-owned buildings. Since the creation of the program, funding had remained fairly stable at \$4.0 million until fiscal year (FY) 1989-90, when it was increased to \$6,375,000. The appropriation remained at this level until FY 1997-98, at which point incremental increases were provided, until the program was funded at \$7,421,000 in FY 2000-01. In FY 2002-03, the program received a 50% reduction and has remained at this reduced level of \$3,710,500. The fund source for this program is Liquor Purchase Revolving Fund (LPRF) revenue. Using LPRF funds is essentially the same as using General Fund dollars, as the balance in the LPRF is deposited into the General Fund at the end of every fiscal year; therefore, any appropriation made out of the LPRF reduces that deposit.

Due to the restrictive budgetary times in this State over the last four years, there has been much debate over finding alternative funding sources for this program. To help achieve that goal, in FY 2003-04 the Driver Responsibility legislation, Public Act 165 of 2003, created the Fire Protection Fund, which may provide additional revenue. The legislation created new fines for various violations of the Michigan Vehicle Code for two consecutive years. The majority of this fine revenue is deposited into the General Fund, but two deposits may be made into the Fire Protection Fund if revenue reaches two different thresholds. The first deposit into the Fund will be made available from the first \$3.5 million after the revenue reaches \$65.0 million, and the second deposit will be made available from the first \$5.0 million after the fee revenue reaches \$100.0 million.

For FY 2004-05 the estimated revenue that will be available from the Driver Responsibility fines is \$71.0 million, based on the May 2004 Consensus Revenue Conference. This estimate exceeds the amount necessary to make a deposit of \$3.5 million into the Fire Protection Fund. This revenue added to the existing \$3.7 million of LPRF funds brings the total appropriation for FY 2004-05 to \$7.2 million. It will not be known, however, until the end of the fiscal year, whether the \$3.5 million will be available. If the revenue estimates relating to the Driver Responsibility fines are too high, then the amount of revenue that will be allocated will depend on the amount collected above the \$65.0 million. Because of this uncertainty, the distribution of these funds will be done in two stages, with the \$3.7 million of LPRF funds being allocated in December consistent with the governing statute, and the second \$3.5 million being allocated at the end of the fiscal year, when collections are completed and actual revenue amounts are known. Should the estimates exceed the second threshold necessary for the \$5.0 million deposit, then a supplemental appropriation will be required to appropriate those funds in FY 2004-05.

There is another possible one-time revenue stream that has been included in the budget for the Department of Labor and Economic Growth. A new boilerplate section appropriates an additional \$3.7 million, on the condition that House Bill 5313 is enacted and the revenue estimates included in that bill exceed \$18.0 million. The bill, which became Public Act 377 of 2004, allows municipalities, including school districts, to sell forest land that was previously conveyed to them



by the Department of Natural Resources. One half of the proceeds from the sale of this land will go to the municipalities and the other half will be deposited into the State General Fund. This appropriation for fire protection grants will be made only if the total amount of the sale of the land exceeds \$36.0 million.

Table 1 lists the grant recipients under the appropriation amount for FY 2003-04 and an estimated allocation if the revenue threshold under the Driver Responsibility legislation is met and the full \$3.5 million is available for distribution. This estimate does not take into consideration any other changes to the formula amounts for these local communities, including changes to the State equalized valuation (SEV) of property from the previous year, which could affect the original allocation.

Table 1
FIRE PROTECTION GRANTS
COMPARISON OF FY 2003-04 ACTUAL PAYMENTS
TO ESTIMATED FY 2004-05 PAYMENTS

	FY 2003-04		FY 2004-05 Estimated Allocation
	Formula Amount	Actual Payment	
Township of Adams.....	\$ 732.12	\$ 0.00	\$ 0.00
City of Adrian.....	41,472.92	9,979.85	19,387.03
Township of Allendale.....	66,357.26	15,967.91	31,019.52
City of Alpena.....	20,583.62	4,953.15	9,622.07
City of Ann Arbor.....	1,602,993.19	395,737.02	749,338.94
Township of Ann Arbor.....	36,114.85	8,690.51	16,882.33
City of Auburn Hills.....	78,057.99	18,783.52	36,489.17
Village of Baraga.....	12,604.33	3,033.05	5,892.05
Township of Beaver Creek.....	5,644.47	1,358.26	2,638.58
Township of Benton.....	31,338.59	7,541.18	14,649.61
Township of Bethany.....	7,625.85	1,835.05	3,564.61
City of Big Rapids.....	347,259.72	83,563.01	162,330.84
Township of Blackman.....	320,291.91	77,073.59	149,724.41
Township of Bloomer.....	4,605.43	1,108.23	2,152.86
Township of Chocolay.....	718.12	0.00	0.00
Township of Coldwater.....	17,230.80	4,146.34	8,054.75
City of Dearborn.....	130,659.84	31,441.39	61,078.55
City of Detroit.....	4,235,669.11	1,019,252.21	1,980,015.77
City of East Lansing.....	1,920,897.07	462,235.96	897,947.03
City of Escanaba.....	47,139.22	11,343.37	22,035.81
Township of Fife Lake.....	2,091.77	503.35	977.82
City of Flint.....	520,100.49	125,154.62	243,127.39
Township of Freesoil.....	633.82	0.00	0.00
Township of Garden.....	805.95	0.00	0.00
City of Grand Rapids.....	295,162.29	71,026.52	137,977.25
Township of Grant.....	2,191.52	527.36	1,024.46
Township of Grayling.....	1,991.86	0.00	931.12
Township of Green Oak.....	6,973.40	1,678.05	3,259.80

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Table 1 (continued)

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	FY 2003-04		FY 2004-05 Estimated Allocation
	Formula Amount	Actual Payment	
Township of Higgins.....	1,421.52	0.00	664.51
City of Houghton	44,197.51	10,635.49	20,660.68
Township of Indianfields	3,276.12	788.35	1,531.47
City of Ionia	563,265.83	135,541.74	263,305.56
Township of Iron River	721.78	0.00	0.00
Township of Ironwood.....	696.83	0.00	0.00
City of Kalamazoo	1,339,823.34	322,409.01	626,316.94
Township of Kinross.....	19,711.02	4,743.17	9,214.16
Township of Kochville	26,555.09	6,390.10	12,413.51
Township of L'Anse.....	515.50	0.00	0.00
City of Lansing	1,449,046.54	348,691.99	677,374.68
City of Lapeer.....	26,617.21	6,405.04	12,442.54
Township of Lenox.....	9,684.61	2,330.46	4,527.19
Township of Lyndon.....	2,315.48	557.19	1,082.40
Township of Madison	17,965.02	4,323.02	8,397.97
Township of Manistee	4,814.19	1,158.46	2,250.45
City of Manistique.....	13,496.43	3,247.72	6,309.07
Township of Marenisco	4,438.52	1,068.07	2,074.84
City of Marquette.....	322,708.66	77,655.15	150,854.15
Township of Meridian.....	39,985.59	9,621.95	18,691.75
City of Mount Pleasant.....	490,078.30	117,930.22	229,093.15
Township of Munising	6,208.10	1,493.89	2,902.05
Township of Munro.....	665.28	0.00	0.00
City of Muskegon	191,016.50	45,965.34	89,293.02
Township of Northville.....	37,664.20	9,063.34	17,606.60
Township of Osceola.....	758.94	0.00	0.00
Township of Pentland.....	15,383.37	3,701.79	7,191.15
Township of Pittsfield.....	30,473.61	7,333.03	14,245.26
Township of Praiseville.....	3,186.27	766.73	1,489.47
Township of Roscommon	1,769.72	0.00	827.28
Township of Ross.....	2,367.33	569.66	1,106.64
City of Sault Ste. Marie	256,659.60	61,761.40	119,978.70
Township of Slagle.....	821.90	0.00	0.00
City of St. Louis	32,258.99	7,762.66	15,079.86
City of Standish.....	6,326.91	1,522.48	2,957.59
City of Stephenson.....	545.55	0.00	0.00
Township of Tittabawassee	3,603.16	867.05	1,684.34
Township of Windsor.....	66,904.96	16,099.71	31,275.54
Township of York	10,550.29	2,538.77	4,931.86
City of Ypsilanti	625,940.60	150,623.51	292,603.66
TOTAL PAYMENTS	\$15,432,387.89	\$3,710,500.00	\$7,210,500.00

Source: Department of Labor and Economic Growth