

**SF 609 (Goggin); HF 419 (Drazkowski):
Revising the allocation of supplemental state aid to
volunteer firefighter relief associations and the PERA
Statewide Volunteer Firefighter Plan**

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Introduction

- Affected Plans:** Volunteer firefighter relief associations (relief associations)
PERA Statewide Volunteer Firefighter Retirement Plan (PERA Statewide Plan)
- Laws Amended:** Minnesota Statutes, Section 423A.022
- Brief Description:** The bill changes the way supplemental state aid is allocated from the current method, which allocates supplemental aid in the same proportion as fire state aid, to a new allocation method, which allocates supplemental aid on a per firefighter basis. Supplemental aid for each relief association and for the PERA Statewide Plan would be based on the number of active firefighters in the affiliated fire department.
- Attachments:** [Amendment S0609-1A](#)
- [Appendix A](#): Table showing fire state aid and supplemental aid for 2020, by fire department, published by the Department of Revenue
- [Appendix B](#): Table comparing supplemental state aid under current law and under the bill-sorted alphabetically by municipality or relief association, prepared by the Office of the State Auditor
- [Appendix C](#): Table comparing supplemental state aid under current law and under the bill-sorted by the dollar difference in supplemental state aid allocated under each, prepared by the Office of the State Auditor
- [Appendix D](#): Excerpt from “2018 Fire in Minnesota,” published by the Minnesota State Fire Marshal

Background

The State of Minnesota funds volunteer firefighter relief associations through fire state aid, minimum fire state aid, and supplemental state aid. The bill changes the allocation method only for supplemental

state aid. Supplemental state aid is officially known under Section 423A.022 as the police and firefighter retirement supplemental state aid.

Minnesota Statutes, Section 423A.022, requires the Commissioner of Revenue to allocate 35.484% of \$15.5 million (approximately \$5.5 million) of the total amount appropriated for supplemental state aid to municipalities other than municipalities that employ only firefighters in the PERA Police and Fire Plan (i.e., “career” or “salaried” firefighters). A municipality is eligible for supplemental state aid if it employs volunteer firefighters that are covered by the PERA Statewide Plan or an affiliated volunteer firefighter relief association. The supplemental state aid must be allocated in accordance with the following ratio:

- the amount of fire state aid paid under Minnesota Statutes, Section 477B.04, for the municipality, to
- the total fire state aid for all municipalities eligible for the supplemental aid.

The supplemental state aid is to be paid to the PERA Statewide Plan for deposit in each participating fire department's account for its firefighters and to the treasurer of each municipality for transmittal within 30 days of receipt to the treasurer of the affiliated volunteer firefighter relief association for deposit in its special fund.

The formula for allocating fire state aid is set forth in Chapter 477B. The bill makes no changes to Chapter 477B and the allocation of fire state aid. Roughly, fire state aid is allocated on the basis of estimated market value of real property in the fire service area served by the fire department and the population as determined under the most recent federal census for the fire service area. Thus, the allocation of fire state aid favors fire service areas with higher property values and larger populations, such as the Twin Cities suburbs.

Appendices

[Appendix A](#) shows the allocation of fire state aid and supplemental state aid for 2020. The Department of Revenue makes this table publicly available every year through their website: revenue.state.mn.us/fire-state-aid.

[Appendix B](#) was prepared by the State Auditor and presented to the State Auditor’s Volunteer Fire Relief Association Working Group when the group considered this topic at a meeting on December 15, 2020. The table is in alphabetical order by municipality or relief association. There are columns for:

- (1) the number of active firefighters;
- (2) the 2020 supplemental state aid amount allocated to the relief (*the same information as reported by the DOR in Appendix A*);
- (3) the amount of supplemental state aid that would be allocated to the relief under the bill; and
- (4) the difference between columns (2) and (3).

The per firefighter amount was calculated by dividing the total supplemental state aid paid in 2020 by the total number of active firefighters. This amount was \$315.42.

[Appendix C](#) was prepared by the State Auditor and presented to the State Auditor's Working Group when it considered this topic at the December 15 meeting. The table is in order, from largest dollar amount to smallest, by the amount of the difference in the supplemental state aid allocated under the bill as compared to under current law. The dollar amount is positive, which means that these fire departments would have received more supplemental state aid under the bill than they did receive in 2020 under current law.

Beginning on page 12 of the table, the difference amount is negative, which means that these fire departments would have received less supplemental state aid under the bill than they did receive in 2020 under current law. Pages 14 and 15 of the table, which show the largest negative dollar amounts, include the largest municipalities around the state with volunteer firefighters, ending with the largest Twin Cities suburbs.

[Appendix D](#) was made available to the State Auditor's Working Group when it considered this topic at the December 15 meeting. The report is titled "2018 Fire in Minnesota" and was published by the Minnesota State Fire Marshal. This table is 22 pages of a 64-page report. The table lists the fire departments in the state in alphabetical order and has columns for the number of calls for "Fires" and "Non-Fires" and the dollar value of property losses. The table can be used to loosely compare fire department activity to the tables of supplemental state aid (Appendices A-C).

The entire report is available at [Fire-in-Minnesota-2018.pdf](#)

Section by Section Summary

Section 1

Section 1 moves Paragraph (b) of Minnesota Statutes, Section 423A.022, Subdivision 2, to a new Subdivision 1a in Section 423A.022, which was needed to allow different numbering of paragraphs in Subdivision 2. Subdivision 1a is not a change in law and continues to state that "municipalities" as used in this statute includes independent nonprofit firefighting corporations.

Section 2

Section 1 amends Section 423A.022, Subdivision 2, to change the method for allocating supplemental state aid from (i) in the same proportion as fire state aid, to (ii) on a per firefighter basis. Under the new allocation method, relief associations and the PERA Statewide Plan will receive an allocation of supplemental aid based on the number of active firefighters in each fire department affiliated with a relief association or the PERA Statewide Plan, rather than based on property values and population. As noted above, the bill changes only the allocation of supplemental state aid, not the allocation of fire state aid.

Section 3

Section 3 amends Section 423A.022, Subdivision 5, to conform the aid termination dates with the new numbering of the paragraphs in Subdivision 2. Paragraphs under current law are numbered as clauses (1) to (3); under the bill, they are numbered as paragraphs (a) to (d).

Effective Date

The bill is effective January 1, 2023.

Amendment S0609-1A

The Department of Revenue (DOR) informed Commission staff that the bill could not be administered by DOR without a few administrative changes. Commission staff has discussed these concerns with the DOR and is in the process of preparing an amendment that will be ready for consideration by the Commission by as soon as possible, before the meeting on March 23.

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