

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1706

PRINTER'S NO. 2513

AMOUNT

No Adverse Fiscal Impact

FUND

Volunteer Companies Loan Fund

DATE INTRODUCED

September 25, 2013

PRIME SPONSOR

Representative Baker

HISTORY OF BILL

Referred to VETERANS AFFAIRS AND EMERGENCY PREPAREDNESS, Sept. 25, 2013

Reported as committed, Oct. 2, 2013

First consideration, Oct. 2, 2013

Laid on the table, Oct. 2, 2013

Removed from table, Oct. 15, 2013

Second consideration, with amendments, Oct. 16, 2013

Re-committed to APPROPRIATIONS, Oct. 16, 2013

(Remarks see House Journal Page), Oct. 16, 2013

Re-reported as committed, Oct. 21, 2013

Third consideration and final passage, Oct. 22, 2013 (202-0)

In the Senate

Referred to VETERANS AFFAIRS AND EMERGENCY PREPAREDNESS, Oct. 30, 2013

Reported as committed, Nov. 19, 2013

First consideration, Nov. 19, 2013

Re-referred to APPROPRIATIONS, Dec. 4, 2013

Re-reported as committed, Dec. 9, 2013

DESCRIPTION AND PURPOSE OF BILL

House Bill 1706 amends Chapter 73 of Title 35 (Health and Safety) of the Pennsylvania Consolidated Statutes by increasing the loan amounts authorized under the Volunteer Loan Assistance Program (VLAP) and add provisions to enhance the program.

Act 208 of 1976 established a revolving loan fund known as the "Volunteer Companies Loan Fund", of which loans are provided through the VLAP to volunteer fire fighting, ambulance and rescue companies at a fixed 2% interest rate for the acquisition, rehabilitation or improvement of apparatus, facilities and equipment.

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This legislation does the following:

- Amends §7364 (related to Assistance to volunteer fire companies, ambulance service or volunteer rescue squads) by increasing the maximum authorized loan amounts available as follows:
 - 1) Establishing and modernizing facilities: increased from \$200,000 to \$400,000, or 50 % of the total cost, whichever is less.;
 - 2) Purchasing firefighting apparatus, ambulances or rescue vehicles: increased from \$100,000 to \$200,000 or 50% of the total cost, whichever is less;
 - 3) Aerial apparatus: increased from \$150,000 to \$300,000;
 - 4) Ambulance or light duty rescue vehicle: increased from \$50,000 to \$100,000;
 - 5) Watercraft rescue vehicle: increased from \$15,000 to \$30,000 or 50% of the cost of the ambulance or rescue vehicle, whichever is less;
 - 6) Purchasing protective, accessory or communication equipment: increased from \$10,000 to \$20,000;
 - 7) Repair or rehabilitation of apparatus equipment: increased from at least \$1,000 but not to exceed \$35,000 to at least \$2,000 but not more than \$70,000 or 80% of cost, whichever is less;
 - 8) Purchasing of used firefighting apparatus, equipment, used ambulances, used rescue vehicles, used communications equipment, used accessory equipment or used protective equipment: increased from \$60,000 to \$120,000 or 80% of cost, whichever is less; and
 - 9) Purchasing Pennsylvania Fire Information Reporting System (PennFIRS) hardware and software (one-time only): increased from \$2,000 to \$4,000 or 75% of cost, whichever is less.
- Authorizes the State Fire Commissioner to exceed the above mentioned loan limits by \$20,000, increased from the current \$10,000, for the purchase of firefighting apparatus, ambulances or rescue vehicles manufactured or assembled in the Commonwealth of Pennsylvania;
- Establishes the following loan repayment terms:
 - 1) \$30,000 or less = not more than 10 years;
 - 2) \$30,001 to \$100,000 = not more than 15 years;
 - 3) \$100,001 and more (except for establishing or modernizing facilities) = 20 years; and
 - 4) \$200,000 or more for establishing or modernizing facilities = 20 years.
- Establishes a minimum loan amount of \$10,000;
- Authorizes the eligibility of a fire company, volunteer rescue service or volunteer ambulance service for not more than three loans at one time;

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- Authorizes that if more than one fire company, volunteer rescue service or volunteer ambulance services merge or consolidate into a single entity, the entity shall be eligible for not more than ten loans at one time for a period of ten years from the date of the merger or consolidation;
- Authorizes the Office of the State Fire Commissioner (OSFC) to establish criteria to determine need for firefighting apparatus, ambulances and rescue vehicles for loan eligibility determination purposes;
- Expands the discretion of the OSFC to determine the type of liens or collateral authorized as security;

This act shall take effect in 60 days.

FISCAL IMPACT:

Bond referenda in 1975, 1981, 1990 and 2002 authorized a total of \$100 million of bonds to be issued for acquisition and replacement of volunteer fire, ambulance and rescue company equipment and facilities under the VLAP.

Revenue to the Volunteer Companies Loan Fund (Fund) in addition to bond proceeds includes loan repayments and interest earnings.

Although the maximum loan amounts are increased in this legislation, the loan principal repayments have consistently exceeded the amount of loans disbursed on an annual basis. According to the 2013-14 Governor's Executive Budget, the Fund had an estimated beginning cash balance of \$63.2 million and a fiscal year end cash balance of \$64.4 million.

According to the State Fire Commissioner, the Pennsylvania Department of Community and Economic Development (DCED), using current loan activity data and using the new maximum loan amounts and repayment terms, calculated that the Fund balance is not projected to drop below \$7 million and the Fund will not experience any solvency issues.

Therefore, the enactment of this legislation will have no adverse impact on Commonwealth funds.