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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/02/10  
 LAST UPDATED 02/08/10      HB \_\_\_\_\_

SPONSOR Nava

SHORT TITLE Community Fire Dept. Revenue Stream      SJM 41

ANALYST Pava

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

\* See Narrative

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Dept. of Finance & Administration (DFA)

Public Regulation Commission (PRC) – State Fire Marshall

### SUMMARY

#### Synopsis of Bill

Senate Joint Memorial 41 requests that the DFA - Local Government Division and the PRC - Fire Marshal Division study potential revenue sources to support community fire departments to provide property and life-saving services. They are to look at ways for local government to recruit and retain volunteer firefighters and provide a final report to the Governor and the Legislature by October 31, 2010.

### FISCAL IMPLICATIONS

SJM 41 outlines problems that exist in New Mexico and nationwide with the recruitment and retention of volunteer firefighters. The potential for understaffed volunteer and combination fire departments to create dangerous situations for local communities is great. This could result in large financial impact on communities that cannot recruit adequate volunteers and thus would have to budget for career firefighters.

**SIGNIFICANT ISSUES**

New Mexico is dependent on eighty-five percent volunteer firefighters to operate fire departments. Over eighty-five percent of communities depend entirely or partially on volunteer firefighters. As volunteer firefighters age, they are not being replaced as readily by younger or new firefighters. The shortage of volunteer firefighters may be detrimental to the community fire protection rating. This can potentially decrease local governments' share of the fire protection fund and increase the cost of insurance coverage for individuals, businesses and governments.

DFA notes: The law allows for elections to add a 1/4 % gross receipts excise tax increment. San Juan County's recent election included an educational campaign informing voters of how important volunteer fire fighters are and their worth based on national studies. Such studies indicate a trained, motivated, reliable volunteer on-call can cover for continuous, shifts of three permanent, full-time career firefighters whose entry level salary is around \$40,000 and benefits. For small communities that can not afford the \$120,000 base salary of a guaranteed, quick response career force, volunteers provide tremendous community value and service.

**PERFORMANCE IMPLICATIONS**

The Fire Marshal Division of the Public Regulation Commission can participate in and perform the tasks requested by the memorial with only minor impact on existing assignments.

**ADMINISTRATIVE IMPLICATIONS**

DFA notes: 8/7/06 the Wage and Hour Division of the U.S. Department of Labor (DOL) created a "bright line" test clarifying that fire departments can provide its volunteers up to 20% of what the public agency would otherwise pay to hire a full-time firefighter for performing comparable service. The kinds of expenses, benefits and nominal fees were clarified that can be provided to a volunteer without turning that volunteer into an employee. The DOL also allowed various types of payments to the volunteer per shift, month or year and depending upon the number of shifts, calls and/or hours worked by the volunteer.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The efforts of fire departments to deal with the challenge of volunteer recruitment and retention will continue to be uncoordinated and less effective.

CP/mt:mew