

## **FIRE SERVICE FEES**

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

### **House Bill 4026**

**Sponsor: Rep. Richard Hammel**

**Committee: Appropriations**

**Complete to 3-17-09**

## **A SUMMARY OF HOUSE BILL 4026 AS INTRODUCED 1-22-09**

House Bill 4026 would amend the Fire Prevention Code, 1941 PA 207, to provide the State Fire Marshal with the authority to establish a schedule of fees to offset the Department of Energy, Labor and Economic Growth, Bureau of Fire Services' costs in conducting inspections; reviewing plans; issuing certificates of acceptability; testing and evaluating new products, methods, and processes used in construction, issuing certificates of use and occupancy, and hearing appeals. The fees would have to bear a direct relationship to the costs of the services provided. The fee schedule would have to be discussed at a public hearing, and approved by the Fire Safety Board.

The State Fire Marshal would notify the chairpersons of the Senate and House Appropriations Committee of his or her intent to establish a schedule of fees. After the fee schedule is established, the State Fire Marshal would report to the Legislature on the factors used in establishing the fee schedule, including changes in the nature and cost of service, and mandated services.

Fee revenue would be credited to a new fund, the State Fire Services Fund. Any remaining money in the fund at the close of the fiscal year would remain in the fund, rather than lapse to the General Fund. The State Treasurer would have investment authority over the fund, and would credit to the fund any common cash earnings.

The State Fire Marshal's authority to establish fees would sunset five years after the bill's effective date.

## **FISCAL IMPACT:**

The bill would have an indeterminate fiscal impact on the Department of Energy, Labor and Economic Growth, Bureau of Fire Services, depending on the schedule of fees established. Currently, as specified in the Fire Prevention Code, fire service fees are established in the annual appropriations act for the department. The fee schedule for FY 2008-09, as well as the FY 2009-10 Executive Recommendation, is shown in the chart below: The fees have not been adjusted since FY 2001-02.

<b>Operation and maintenance inspection fee</b>		
<u>Facility type</u>	<u>Facility size</u>	<u>Fee</u>
Hospitals	Any	\$8.00 per bed
<b>Plan review and construction inspection fees for hospitals and schools</b>		
<u>Project cost range</u>	<u>Fee</u>	
\$101,000.00 or less	minimum fee of \$155.00	
\$101,001.00 to \$1,500,000.00	\$1.60 per \$1,000.00	
\$1,500,001.00 to \$10,000,000.00	\$1.30 per \$1,000.00	
\$10,000,001.00 or more	\$1.10 per \$1,000.00 or a maximum fee of \$60,000.00.	

Section 2c (MCL 29.2c) of the Fire Prevention Code permits the bureau to charge operation and inspection fees for hospitals and charge plan review and construction inspection fees for hospitals and schools, with the fees set annually in boilerplate. (That is the schedule listed above.) Fee revenue is credited to a restricted account in the General Fund (Fire Services Fees). Additionally, under the Fire Prevention Code and other statutes, the bureau is responsible for conducting fire safety inspections of all new construction, additions, or remodeling and an annual inspections pursuant to licensing agreements of a several "regulated facilities" including state-owned and leased buildings, adult foster care homes, child care centers, intermediate care facilities for persons with mental impairments, ambulatory surgical centers, homes for the aged, hospice residences, hospitals, nursing homes, penal institutions, psychiatric hospitals, K-12 schools, public and private colleges and universities, and licensed child care facilities. Many of the inspections of health care facilities are required by the Centers for Medicare and Medicaid Services (CMS). The bureau also conducts construction plan reviews for the several regulated facilities. For many types of facilities, there is no associated fee to offset the cost of the inspection. Given that many of the regulated facilities are not subject to plan review and inspection fees, it's possible that they would be subject to a fee under the schedule developed by the bureau.

In addition, under Sections 21c and 21d (MCL 29.21c and 21.29d) of the Fire Prevention Code, the bureau is required to annually inspect places of public assemblage to determine whether they meet the appropriate fire safety standards. (Inspections may be done by local fire departments, upon request from the bureau.) Places of public assemblage are facilities that can accommodate at least 50 people, and include churches, halls, theaters, restaurants, libraries, museums, and stores. There is no associated fee a bureau-conducted inspection and, as such, it is possible there would be new inspection fees established by the bureau.

The chart below shows the recent appropriations history for the bureau's fire safety program.

<b>Bureau of Fire Services - Fire Safety Program</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
IDG from Dept. of Community Health, Inspection Contract	\$100,000	\$100,000	\$100,000
IDG from Dept. of State Police, Homeland Security	\$402,800	\$402,800	\$402,800
HHS, Titles XVIII and XIX	\$700,000	\$700,000	\$700,000
Corporations Fees	\$0	\$0	\$0
Fire Alarm Fees	\$99,000	\$99,600	\$101,700
Fire Service Fees	\$1,706,600	\$1,717,100	\$1,753,200
Securities Fees	\$0	\$0	<b>\$0</b>
General Fund/General Purpose	\$1,324,900	\$1,300,700	\$1,318,700
<b>Gross Appropriation</b>	<b>\$4,333,300</b>	<b>\$4,320,200</b>	<b>\$4,376,400</b>
Interdepartmental Grants	\$502,800	\$502,800	\$502,800
Federal	\$700,000	\$700,000	\$700,000
Local	\$0	\$0	\$0
Private	\$0	\$0	\$0
State Restricted Funds	\$1,805,600	\$1,816,700	\$1,854,900
General Fund/General Purpose	\$1,324,900	\$1,300,700	\$1,318,700
<b>Gross Appropriation</b>	<b>\$4,333,300</b>	<b>\$4,320,200</b>	<b>\$4,376,400</b>
<b>Full-Time Equivalent (FTE) Positions</b>	44.0	44.0	44.0

**Note:** The FY 2009-10 appropriation figure is the amount appropriated in the Executive Recommendation as well as the Senate Appropriations Subcommittee on Economic Development Recommendation, SB 234 (S-1). Other BFS programs include the State Fire Marshal and Fire Fighter Training Council.

## **BACKGROUND INFORMATION:**

The bill is a re-introduction of House Bill 5036 (H-2), introduced by Representative Hammel, from the 2007-08 Legislative Session. The bill was passed by the House of Representatives on October 23, 2007 by a vote of 74 (Y) -36 (N).

For additional information on the Bureau of Fire Services, see the bureau's website, [[http://www.michigan.gov/dleg/0,1607,7-154-28077\\_42271---,00.html](http://www.michigan.gov/dleg/0,1607,7-154-28077_42271---,00.html)].

See, also, the bureau's 2007 Annual Report, [[http://www.michigan.gov/documents/dleg/Annual\\_Report\\_2006-2007\\_219596\\_7.pdf](http://www.michigan.gov/documents/dleg/Annual_Report_2006-2007_219596_7.pdf)].

See, also, an August 2006 performance audit of BFS Fire Inspection Program by the Office of the Auditor General, [<http://audgen.michigan.gov/comprpt/docs/r6414305.pdf>].

See, also, the FY 2008 DELEG Performance Measures Report on the BFS at, [[www.michigan.gov/documents/dleg/Sec.\\_107\\_Fire\\_Services\\_FY08\\_264933\\_7.pdf](http://www.michigan.gov/documents/dleg/Sec._107_Fire_Services_FY08_264933_7.pdf)]

Fiscal Analyst: Mark Wolf

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