



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: May 4, 2016

TO: Education and Local Government Interim Committee

FROM: Cynthia Hollimon, Fiscal Analyst

RE: Fire Insurance Premium Tax Revenue & Firefighter Pension Payouts

This memo is in response to the committee's request for further historic information regarding fire insurance premium tax revenue and General Fund contributions to firefighter pensions. Fire insurance tax collections are deposited into the state general fund, and in turn the general fund contributes to firefighter pensions.

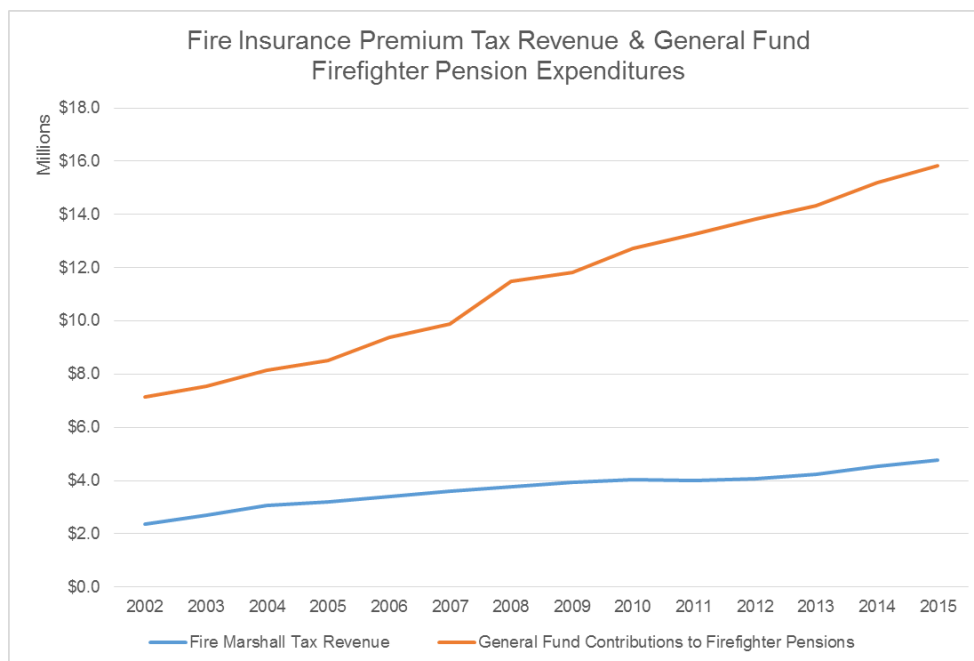
FIRE INSURANCE PREMIUM TAX & FIREFIGHTER PENSIONS

Under current law:

- Fire insurance premium taxes are currently levied at 2.5% of all fire insurance premium written
- The general fund must contribute an amount equal to 32.61% of total current firefighter compensation toward paid firefighter pensions
- It must also contribute an amount equal to 5.0% of fire insurance premium tax revenue toward volunteer firefighter pensions

In addition to general fund contributions, paid firefighter pensions include employee and employer contributions and interest. Volunteer firefighter pensions include general fund and interest.

The chart below provides historic fire insurance premium tax revenues as well as general fund contributions to firefighter pension payouts. As of FY 2015, revenue to the general fund was around \$5.0 million. At the same time, the general fund was contributing just under \$16.0 million toward firefighter pensions. This includes payouts to both paid and volunteer firefighters.



For further information on firefighter pensions, please contact Sam Schaefer at 444-1787 or samschaefer@mt.gov. For further information on insurance tax, please contact Alice Hecht at 444-1825 or ahecht@mt.gov.