

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT AND MR. SPEAKER:

We, the undersigned conferees, have had under consideration the amendments to the following entitled BILL:

S. B. No. 2802: Municipal and county fire funds; increase funds transferred to by DOR from the collection of certain taxes.

We, therefore, respectfully submit the following report and recommendation:

1. That the House recede from its Amendment No. 1.
2. That the Senate and House adopt the following amendment:

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

11 **SECTION 1.** Section 83-34-4, Mississippi Code of 1972, is
12 amended as follows:

13 83-34-4. (1) Nonadmitted insurers shall not be assessable
14 insurers of the association. All surplus lines insurance
15 producers placing insurance through nonadmitted insurers shall
16 collect from the insured and remit to the association a
17 nonadmitted policy fee on all premiums for all insurance written
18 by such surplus lines insurance producer for a policy from a
19 nonadmitted insurer for any and all risks in this state, except
20 that policies or portions thereof that cover residential
21 earthquake risks or residential flood risks that are not written
22 through the National Flood Insurance Program shall be exempt from
23 the nonadmitted policy fee. By procuring or selling insurance on
24 property in this state from a nonadmitted insurer, each surplus



25 lines insurance producer placing insurance through a nonadmitted
26 insurer agrees to be bound by the provisions of this chapter and
27 to collect and remit the nonadmitted policy fee provided for
28 herein.

29 (2) The nonadmitted policy fee shall be a percentage of the
30 total policy premium but the nonadmitted policy fee shall not be
31 considered premium and is not subject to premium taxes or
32 commissions. However, failure to pay the nonadmitted policy fee
33 shall be treated the same as failure to pay premium. "Total
34 policy premium" includes taxes and commissions.

35 (3) The nonadmitted policy fee percentage shall be three
36 percent (3%).

37 (4) Within twenty (20) days of the end of the quarter,
38 surplus lines insurance producers placing insurance through
39 nonadmitted insurers shall remit directly to the association all
40 nonadmitted policy fees collected in the preceding quarter. In
41 addition to the nonadmitted policy fee provided for herein,
42 surplus lines insurance producers placing insurance through
43 nonadmitted insurers shall collect and remit excess deficit
44 surcharges as provided by this chapter. Surplus lines insurance
45 producers placing insurance through nonadmitted insurers may
46 designate another surplus lines insurance producer that actually
47 procured the insurance from the nonadmitted carrier to collect and
48 remit the nonadmitted policy fees.



49 (5) Each insured in this state who directly procures or
50 renews insurance with a nonadmitted insurer on properties, risks
51 or exposures located or to be performed, in whole or in part, in
52 this state, other than insurance procured through a surplus lines
53 licensee, shall be subject to the nonadmitted policy fee which
54 shall be paid by the insured according to the procedures provided
55 for premium taxes in Section 83-21-17(5).

56 (6) Monies derived from the nonadmitted policy fee collected
57 under this section shall not be considered public funds and may be
58 used by the association, in addition to any uses provided for in
59 Section 83-34-3(4), for education, public outreach, training of
60 building officials and other programs targeted to reduce the
61 number of policies within the association; however, beginning on
62 July 1, 2018, and ending on June 30, 2019, before any fees are
63 remitted to the association, One Million Five Hundred Thousand
64 Dollars (\$1,500,000.00) shall be diverted and deposited into the
65 Capital Expense Fund, and Four Million Five Hundred Thousand
66 Dollars (\$4,500,000.00) shall be diverted and deposited into the
67 Rural Fire Truck Fund or Supplementary Rural Fire Truck Fund.
68 Further, beginning July 1, 2019, and ending on June 30, 2020,
69 before any fees are remitted to the association, Three Million
70 Five Hundred Thousand Dollars (\$3,500,000.00) shall be diverted
71 and deposited into the Rural Fire Truck Fund or Supplementary
72 Rural Fire Truck Fund. Further, beginning July 1, 2022, and
73 ending on June 30, 2025, before any fees are remitted to the



74 association but only if the association will receive at least
75 sixty percent (60%) of the fees, Five Hundred Thousand Dollars
76 (\$500,000.00) shall be diverted and deposited annually into the
77 Mississippi First Responders Health and Safety Trust Fund created
78 in Section 25-15-411. Further, beginning July 1, 2022, and ending
79 on June 30, 2025, but only if the association will receive at
80 least sixty percent (60%) of the fees and the Mississippi First
81 Responders Health and Safety Trust Fund has received the diversion
82 of Five Hundred Thousand Dollars (\$500,000.00), Three Million Five
83 Hundred Thousand Dollars (\$3,500,000.00) shall be diverted and
84 deposited annually into the Annual Fire Fund created in Section
85 17-23-21. Further, beginning July 1, 2022, and ending on June 30,
86 2025, after the association has received sixty percent (60%) of
87 the fees and after all other diversions are made, fifty percent
88 (50%) of any excess amount shall be remitted to the association
89 and fifty percent (50%) of any excess amount shall be diverted and
90 deposited annually into the Annual Fire Fund. Beginning July 1,
91 2025, (a) Five Hundred Thousand Dollars (\$500,000.00) shall be
92 diverted and deposited annually into the Mississippi First
93 Responders Health and Safety Trust Fund created in Section
94 25-15-41; (b) Twelve Million Dollars (\$12,000,000.00) shall be
95 remitted annually to the association; and (c) any remaining excess
96 amount shall be diverted and deposited annually as follows: forty
97 percent (40%) into the Rural Fire Truck Fund created in Section
98 17-23-1; thirty percent (30%) into the Municipal Fire Protection



99 Fund created in Section 83-1-37 and thirty percent (30%) into the
100 County Volunteer Fire Department Fund created in Section 83-1-39.

101 * * *

102 (7) The association may use excess funds to purchase
103 reinsurance in an amount that may exceed the total premiums
104 collected from policyholders.

105 **SECTION 2.** Section 83-1-37, Mississippi Code of 1972, is
106 amended as follows:

107 83-1-37. (1) The Department of Revenue shall pay for credit
108 to a fund known as the "Municipal Fire Protection Fund," the sum
109 of Four Million Eight Hundred Fifty Thousand Dollars
110 (\$4,850,000.00) annually out of the insurance premium tax
111 collected annually from the taxes levied on the gross premiums on
112 fire insurance policies written on properties in this state, under
113 Sections 27-15-103 through 27-15-127. In addition, a portion of
114 the monies derived from the nonadmitted policy fee collected under
115 Section 83-34-4 shall be deposited into the Municipal Fire
116 Protection Fund as provided in Section 83-34-4(6). The State
117 Treasurer shall credit * * * these amounts to the Municipal Fire
118 Protection Fund. This fund shall be set aside and earmarked for
119 payment to municipalities in this state, as hereinafter provided.

120 (2) Using 1990 as a base year, the Department of Revenue
121 shall pay over annually to the State Treasurer, for credit to the
122 "Municipal Fire Protection Fund," an amount representing one-half
123 of ten percent (1/2 of 10%) of any growth after 1990 of the



124 insurance premium tax collected annually from the taxes levied on
125 the gross premium on fire insurance policies written on properties
126 in this state, under Sections 27-15-103 through 27-15-127.

127 (3) The fund hereby created and denominated "Municipal Fire
128 Protection Fund" shall be apportioned and paid over by the
129 Department of Insurance to the incorporated municipalities
130 certified as eligible to participate in the fund by the
131 Commissioner of Insurance, and shall be distributed in the
132 following manner annually: each municipality shall be paid Six
133 Thousand Dollars (\$6,000.00), with the remainder of the monies to
134 be paid on a population basis, to be determined by the most recent
135 federal census. Municipalities receiving these funds shall
136 earmark such monies for fire protection services.

137 (4) The amount paid under subsections (1) and (2) of this
138 section to a municipality shall be used and expended in accordance
139 with the guidelines established by the Commissioner of Insurance
140 authorized by Section 45-11-7, for the training of municipal
141 personnel as needed for the adoption of and compliance with the
142 minimum building codes as established and promulgated by the
143 Mississippi Building Codes Council, for windstorm mitigation
144 programs as approved by the Commissioner of Insurance, and for
145 emergency medical service training and equipment as provided by
146 municipal fire protection services. A municipality may provide
147 reasonable remuneration to municipal volunteer firefighters in



148 accordance with the guidelines established by the Commissioner of
149 Insurance authorized by Section 45-11-7.

150 (5) Each municipality shall levy a tax of not less than
151 one-fourth (1/4) mill on all property of the municipality or
152 appropriate the avails of not less than one-fourth (1/4) mill from
153 the municipality's general fund for fire protection purposes.
154 Municipalities may allow such millage to be collected by the
155 county. Each municipality shall annually provide the Commissioner
156 of Insurance and the State Fire Coordinator on a form provided by
157 the State Fire Coordinator a report stating whether the
158 municipality is levied the one-fourth (1/4) mill hereby required
159 or in lieu thereof is allowing such millage to be collected by the
160 county.

161 (6) The Commissioner of Insurance may promulgate rules and
162 regulations to establish guidelines for the use of fire rebate
163 funds and nonadmitted policy fee monies.

164 **SECTION 3.** Section 83-1-39, Mississippi Code of 1972, is
165 amended as follows:

166 83-1-39. (1) The Department of Revenue shall pay over to
167 the State Treasurer, to be credited to a fund entitled "County
168 Volunteer Fire Department Fund," the sum of Four Million Eight
169 Hundred Fifty Thousand Dollars (\$4,850,000.00) annually out of the
170 insurance premium tax in addition to the amount collected by it
171 under the provisions of Section 27-15-103 et seq. In addition, a
172 portion of the monies derived from the nonadmitted policy fee



173 collected under Section 83-34-4 shall be deposited into the County
174 Volunteer Fire Department Fund as provided in Section 83-34-4(6).
175 Such funds, hereinafter referred to as insurance rebate monies and
176 nonadmitted policy fee monies, are hereby earmarked for payment to
177 the various counties of the state and shall be paid over to the
178 counties by the Department of Insurance in the following manner:
179 each county shall be paid Thirty Thousand Dollars (\$30,000.00),
180 with the remainder of the monies to be paid on the basis of the
181 population of each county as it compares to the population of
182 participating counties, not counting residents of any
183 municipality. Such insurance rebate monies and nonadmitted policy
184 fee monies shall only be distributed to those counties which are
185 in compliance with subsections (5) and (6) of this section.

186 (2) Using 1990 as a base year, the Department of Revenue
187 shall pay to the State Treasurer, to be credited to the "County
188 Volunteer Fire Department Fund," an amount representing one-half
189 of ten percent (1/2 of 10%) of any growth after 1990 of the
190 insurance premium tax collected annually from the taxes levied on
191 the gross premium on fire insurance policies written on properties
192 in this state, in addition to the amount collected by it under
193 Section 27-15-103 et seq.

194 (3) Insurance rebate monies and nonadmitted policy fee
195 monies shall be expended by the board of supervisors for fire
196 protection purposes of each county for the following categories:



197 (a) For training expenses, including emergency medical
198 services training;

199 (b) Purchase of equipment, purchase of fire trucks,
200 repair and refurbishing of fire trucks and firefighting equipment,
201 for emergency medical services equipment, and capital construction
202 anywhere in the county or pledging as security for a period of not
203 more than ten (10) years for such purchases;

204 (c) Purchase of insurance on county-owned firefighting
205 or emergency medical services equipment;

206 (d) Fire protection service contracts, including, but
207 not limited to, municipalities, legal fire protection districts,
208 and nonprofit corporations providing or coordinating fire service
209 or emergency medical services in or out of the county;

210 (e) Appropriations to legal fire protection districts
211 located in counties subject to all restrictions applicable to the
212 use of insurance rebate monies and nonadmitted policy fee monies;

213 (f) Training of any county personnel as needed for the
214 adoption of and compliance with the codes established and
215 promulgated by the Mississippi Building Codes Council or for
216 windstorm mitigation programs as approved by the Commissioner of
217 Insurance;

218 (g) Any county-owned equipment or other property, at
219 the option of the board of supervisors, may be used by any legally
220 created fire department;



221 (h) At the option of the board of supervisors, a county
222 may provide reasonable remuneration to volunteer firefighters in
223 accordance with the guidelines established by the Commissioner of
224 Insurance authorized by Section 45-11-7; or

225 (i) For any use allowed in accordance with the
226 guidelines as established by the Commissioner of Insurance.

227 (4) Insurance rebate monies and nonadmitted policy fee
228 monies not expended in a given fiscal year for fire protection
229 purposes shall be placed in a special fund with a written plan
230 approved by the Commissioner of Insurance for disposition and
231 expenditure of such monies. After the contracts for fire
232 protection services have been approved and accepted by the board
233 of supervisors, the monies shall be released to be expended in
234 such manner as provided by this section.

235 (5) No county shall receive payments pursuant to this
236 section after July 1, 1988, unless such county:

237 (a) Designates a county fire service coordinator who is
238 responsible for seeing that standard guidelines established by the
239 Commissioner of Insurance pursuant to Section 45-11-7(9),
240 Mississippi Code of 1972, are followed. The county fire
241 coordinator must demonstrate that he possesses fire-related
242 knowledge and experience;

243 (b) Designates one (1) member of the sheriff's
244 department to be the county fire investigator and, from and after
245 July 1, 2008, requires the designated member of the sheriff's



246 department to attend the State Fire Academy to be trained in arson
247 investigation; however, in the event of a loss of the county fire
248 investigator due to illness, death, resignation, discharge or
249 other legitimate cause, notice shall be immediately given to the
250 Commissioner of Insurance and the county may continue to receive
251 payments on an interim basis for a period not to exceed one (1)
252 year;

253 (c) Adheres to the standard guidelines established by
254 the Commissioner of Insurance pursuant to Section 45-11-7(9); and

255 (d) Counties shall levy a tax of not less than
256 one-fourth (1/4) mill on all property of the county or appropriate
257 avails of not less than one-fourth (1/4) mill from the county's
258 general fund for fire protection purposes. Municipalities making
259 a written declaration to the county that they fund and provide
260 their own fire services shall be exempted from this levy. This
261 levy shall be used for fire protection purposes which include, but
262 are not limited to, contracting with any provider of fire
263 protection services.

264 (6) (a) No funds shall be paid by the county to any
265 provider of fire protection services except in accordance with a
266 written contract entered into in accordance with guidelines
267 established by the Commissioner of Insurance and properly approved
268 by the board of supervisors and Commissioner of Insurance. No
269 county shall distribute funds to any fire service provider which
270 has not met the reporting requirements required by the



271 Commissioner of Insurance. At such time that a fire protection
272 services provider, particularly a county volunteer fire
273 department, a municipality or a fire protection district, has
274 fulfilled the obligations of the written contract and has met the
275 reporting requirements provided for in this subsection and the
276 board of supervisors has received the insurance rebate monies and
277 nonadmitted policy fee monies, the board of supervisors shall
278 disburse the appropriate amount to the fire protection services
279 provider within a reasonable time, not to exceed six (6) weeks,
280 from the time such requirements are met. Insurance rebate monies
281 and nonadmitted policy fee monies used for the purposes of
282 contracting shall be expended by the fire service provider for
283 capital construction, training expenses, purchase of firefighting
284 equipment, including payments on any loans made for the purpose of
285 purchasing firefighting equipment, purchase of insurance for any
286 fire equipment owned or operated by the provider, and for training
287 and equipment of emergency medical services as provided by fire
288 protection services.

289 (b) If the Commissioner of Insurance believes that a
290 county is using the funds in a manner not consistent with
291 subsections (5) and (6) of this section, the commissioner shall
292 request the State Auditor to conduct an investigation pursuant to
293 Section 7-7-211(e).

294 (7) The board of supervisors of any county may contribute
295 funds directly to any provider of fire protection services serving



296 such county. Such contributions must be used for fire protection
297 purposes as may be reasonably established by the Commissioner of
298 Insurance.

299 (8) Any municipal, county or local water association or
300 other utility district supplying water may, upon adoption of a
301 resolution authorizing such action, contribute free of charge to a
302 volunteer fire department or fire protection district serving such
303 local government, political subdivision or utility district such
304 water as is necessary for firefighting or training activities of
305 such volunteer fire department or fire protection district.

306 (9) The board of supervisors of any county may, in its
307 discretion, grade, gravel, shell and/or maintain real property of
308 a county volunteer fire department, including roads or driveways
309 thereof, as necessary for the effective and safe operation of such
310 county volunteer fire department. Any action taken by the board
311 of supervisors under the authority of this subsection shall be
312 spread upon the minutes of the board of supervisors when the work
313 is authorized.

314 (10) For the purpose of this section, "fire protection
315 district" means a district organized under Section 19-5-151 et
316 seq., or pursuant to any other code section or by any local and
317 private act authorizing the establishment of a fire protection
318 district, unless the context clearly requires otherwise.



319 (11) The Commissioner of Insurance may promulgate rules and
320 regulations to establish guidelines for the use of fire rebate
321 funds and nonadmitted policy fee monies.

322 **SECTION 4.** This act shall take effect and be in force from
323 and after July 1, 2025.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO AMEND SECTION 83-34-4, MISSISSIPPI CODE OF 1972, TO
2 REVISE THE DISTRIBUTION OF MONIES DERIVED FROM THE NONADMITTED
3 POLICY FEE REMITTED TO THE MISSISSIPPI WINDSTORM UNDERWRITING
4 ASSOCIATION, TO PROVIDE THAT A PORTION OF SUCH MONIES SHALL BE
5 DEPOSITED INTO THE RURAL FIRE TRUCK FUND, THE MUNICIPAL FIRE
6 PROTECTION FUND AND THE COUNTY VOLUNTEER FIRE DEPARTMENT FUND; TO
7 AMEND SECTIONS 83-1-37 AND 83-1-39, MISSISSIPPI CODE OF 1972, IN
8 CONFORMITY TO THE PROVISIONS OF THIS ACT; AND FOR RELATED
9 PURPOSES.

CONFEREES FOR THE SENATE

CONFEREES FOR THE HOUSE

X (SIGNED)
Josh Harkins

X (SIGNED)
John Thomas "Trey" Lamar, III

X (SIGNED)
Chris Johnson

X (SIGNED)
Jody Steverson

X (SIGNED)
Benjamin Suber

X (SIGNED)
Shane Barnett

