

# FISCAL BRIEF



## FIRE PROTECTION GRANTS

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### FAST FACTS

- Fire protection grants are awarded to CVTs for fire services provided to state-owned facilities.
- The grants were underfunded for many years, with appropriations being significantly below the statutory formula grant amount.
- The grants are no longer appropriated in the state's budget, but are now paid by the LCSA using a portion of the use tax that the authority is allowed to collect.
- 2018 PA 616 stipulates that the full formula amount is to be paid by the LCSA beginning in CY 2019.

### INTRODUCTION

Fire protection grants, established under 1977 PA 289, are distributed to cities, villages, and townships (CVTs) that provide fire protection services to state-owned facilities located within their geographic borders. Through Fiscal Year (FY) 2017-18, funding for fire protection grants was included in the budget of the Department of Licensing and Regulatory Affairs (LARA), and LARA was responsible for calculating grant amounts owed and distributing grant funding. Under legislative changes enacted during the 2017-18 legislative session, the grants are now distributed by the Local Community Stabilization Authority (LCSA), a metropolitan government created by the Local Community Stabilization Authority Act,<sup>1</sup> which levies and distributes the local community stabilization share tax. The fund source for the grant was also changed, with an earmark being established for the grants in the Local Community Stabilization Authority Act. LARA continues to collect data related to fire protection grants and certifies grant amounts for the LCSA. Historically, the level of funding appropriated for fire protection grants has been appreciably lower than the amount calculated using the formula established in 1977 PA 289. However, beginning in Calendar Year (CY) 2019, 2018 PA 616 provides for the payment of the full statutory formula grant amount using LCSA personal property tax reimbursement payments.

### GRANT DETERMINATION

1977 PA 289 clarifies that the grants are to be provided to CVTs containing state-owned facilities for fire protection services rendered since the state does not remit property taxes on state-owned properties. Section 1 of the act defines "state facility" to include "state owned real property associated with buildings primarily used for office purposes, state prisons or hospitals, institutions of higher education, and state owned real and inventory personal property associated with a state proprietary function." A statutory formula for determining grant amounts is established in the act. The formula utilizes state equalized property values (SEVs) for state-owned facilities and all properties in municipalities, and municipal fire expenditures, and takes the following form:

$$\text{Amount Owed} = ( \text{SEV of state facilities in CVT} / \text{Total SEV of CVT} ) \times \text{Fire expenditures of CVT}$$

<sup>1</sup> 2014 PA 86

LARA utilizes the statutory formula and data reported by the Department of Technology, Management, and Budget (DTMB) and individual CVTs to determine the grant amount owed to each CVT. LARA receives data regarding SEVs of state-owned facilities from the DTMB, and statute dictates that the date of the valuation is to be December 31 of the previous year. LARA also receives annual information on fire expenditures and municipal SEVs from CVTs.

1977 PA 289 establishes situational limitations on the payment of the grants and allows for the proration of grant amounts. Grant distributions do not occur if the grant amount is less than \$500 or if the SEV of the state facility is less than 1% of the amount of the CVT's SEV. Distributions are also not made if the facility provides its fire protection services. Section 6 of the act allows for the grant amount to be prorated if the appropriated amount is insufficient to fully pay the calculated grant amount. Proration of grant amounts has occurred throughout much of the program's history, including each of the previous 15 fiscal years.

## APPROPRIATION HISTORY

Throughout the grant's history, various funds have been used to support grant appropriations, including the Liquor Purchase Revolving Fund and the Fire Protection Fund. From FY 2015-16 through FY 2017-18, funding for the grants came from two sources: the Fire Protection Fund and the General Fund. The majority of the funding – \$8.5 million in each fiscal year between FY 2013-14 and FY 2017-18 – came from the Fire Protection Fund. The Fire Protection Fund was created and authorized by the Michigan Vehicle Code and received the first \$8.5 million collected from Driver Responsibility Fees (DRFs).<sup>2</sup> DRFs began to be phased out in FY 2015-16, and disappeared entirely with the enactment of a bill package in CY 2018.<sup>3</sup> Table 1 provides an outline of fund sources and funding amounts that were appropriated during the last ten fiscal years in which funds for the grants were appropriated in the state's budget.

Fiscal Year	General Fund/ General Purpose	Liquor Purchase Revolving Fund	Fire Protection Fund	Total Appropriation
2008-09	\$ -	\$2,410,500	\$8,500,000	\$10,910,500
2009-10	-	2,410,500	8,500,000	10,910,500
2010-11	-	2,410,500	8,500,000	10,910,500
2011-12	-	773,900	8,500,000	9,273,900
2012-13	-	773,900	11,854,500	12,628,400
2013-14	-	773,900	8,500,000	9,273,900
2014-15	-	773,900	8,500,000	9,273,900
2015-16	773,900	-	8,500,000	9,273,900
2016-17	4,173,900	-	8,500,000	12,673,900
2017-18	2,173,900	-	8,500,000	10,673,900

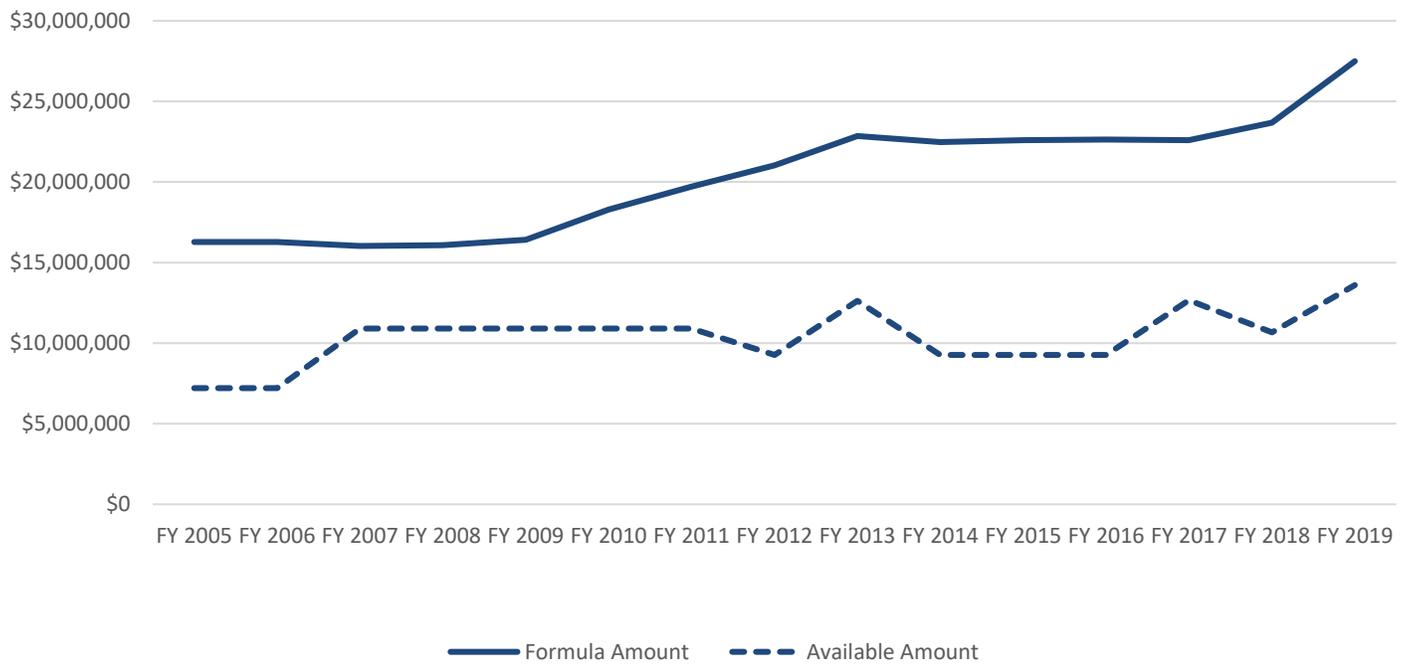
<sup>2</sup> DRFs were levied on drivers who accumulated seven or more points on their licenses or committed one of several infractions delineated in the Michigan Vehicle Code.

<sup>3</sup> The package included 2018 PAs 43 through 50.

Following the elimination of DRFs, 2018 PA 248 changed the funding source for the grants to LCSA tier III reimbursements, which are financed with a portion of the state’s 6% use tax that the LCSA is authorized to levy. 2018 PA 616, passed in December 2018, made the funding for the grants a tier I reimbursement and stipulated that the full formula funding amount would be distributed beginning in CY 2019. While LCSA reimbursements do not appear in the state’s budget, funding for the grants is still controlled by statute via the Local Community Stabilization Authority Act.

Appropriations for fire protection grants were insufficient to meet the calculated formula value for a significant portion of the grant’s history. Figure 1 illustrates the gap that has existed between the available amount and the calculated payment amount over the most recent 15 fiscal years (including FY 2018-19, when funding came from LCSA tier III reimbursements). 2018 PA 248 earmarked \$13.6 million in LCSA tier III repayments for fire protection grants, and this amount was distributed for FY 2018-19 grant payments in November 2018. The full funding amount for the grants will be distributed beginning in FY 2019-20. Grant distributions to CVTs for the past four fiscal years are presented in Table 2.

**Figure 1**  
**15-Year Grant Funding Levels**



Source: Department of Licensing and Regulatory Affairs

**Table 2: Fire Protection Grants Four-Year Distribution History**

Local Unit	Unit Type	County	FY 16 Amount	FY 17 Amount	FY 18 Amount	FY 19 Amount
Adams	Twp.	Houghton	\$0	\$0	\$0	\$588
Allendale	Twp.	Ottawa	40,873	58,575	42,923	45,352
Alpena	City	Alpena	10,795	32,850	14,198	17,683
Ann Arbor	City	Washtenaw	923,607	1,232,605	961,517	976,287
Ann Arbor	Twp.	Washtenaw	29,855	41,884	45,798	50,429
Auburn Hills	City	Oakland	83,203	100,457	80,943	96,133
Baraga	Village	Baraga	8,161	11,372	10,526	12,245
Benton	Twp.	Berrien	12,659	18,658	13,910	14,951
Bethany	Twp.	Gratiot	1,180	1,612	1,252	1,418
Big Rapids	City	Mecosta	186,547	265,389	212,362	241,199
Blackman	Twp.	Jackson	261,129	381,458	287,348	1,069,269
Bloomer	Twp.	Montcalm	1,465	1,951	1,502	1,582
Coldwater	City	Branch	0	0	0	61,205
Coldwater	Twp.	Branch	8,761	11,750	9,193	0
Dearborn	City	Wayne	138,897	214,184	175,815	208,368
Detroit	City	Wayne	1,760,144	2,025,229	2,180,027	2,663,404
East Lansing	City	Ingham/Clinton	1,068,882	1,701,064	1,335,396	1,577,243
Escanaba	City	Delta	10,452	15,050	12,184	13,064
Fife Lake	Twp.	Grand Traverse	1,483	1,947	1,443	2,786
Flint	City	Genesee	361,030	585,741	533,605	606,105
Frankenlust	Twp.	Bay	4,311	7,836	9,584	10,289
Franklin	Twp.	Houghton	525	2,278	1,707	2,401
Georgetown	Twp.	Ottawa	0	0	0	0
Grand Rapids	City	Kent	242,650	300,682	242,795	260,673
Grayling	Twp.	Crawford	889	0	0	0
Green Oak	Twp.	Livingston	9,554	12,054	8,368	10,709
Houghton	City	Houghton	17,000	23,978	17,297	20,792
Indianfields	Twp.	Tuscola	1,899	2,283	2,617	3,108
Ionia	City	Ionia	335,223	470,446	404,843	897,125
Iron Mountain	City	Dickinson	6,209	8,308	7,269	7,714
Jackson	City	Jackson	0	0	0	20,820
Kalamazoo	City	Kalamazoo	1,192,935	1,726,000	1,399,374	1,512,580

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Local Unit	Unit Type	County	FY 16 Amount	FY 17 Amount	FY 18 Amount	FY 19 Amount
Kinross	Twp.	Chippewa	\$18,249	\$17,653	\$14,180	\$15,977
Kochville	Twp.	Saginaw	38,956	52,469	39,762	44,479
L'Anse	Twp.	Baraga	0	783	516	583
Lansing	City	Ingham/Eaton/Clinton	1,247,908	1,713,317	1,307,234	1,461,302
Lapeer	City	Lapeer	22,718	29,636	23,272	21,716
Lenox	Twp.	Macomb	4,788	7,373	5,324	10,657
Lyndon	Twp.	Washtenaw	2,447	3,157	2,431	2,657
Madison	Twp.	Lenawee	10,017	34,046	25,896	27,116
Manistee	Twp.	Manistee	3,411	4,076	3,045	3,053
Manistique	City	Schoolcraft	5,337	0	0	0
Marenisco	Twp.	Gogebic	916	1,306	1,025	1,065
Marquette	City	Marquette	147,979	209,290	169,504	427,297
Marquette	Twp.	Marquette	0	0	0	2,927
Meridian	Twp.	Ingham	30,666	41,601	35,570	35,316
Monroe	Twp.	Monroe	5,137	6,667	6,010	6,513
Mt. Pleasant	City	Isabella	270,326	360,204	282,508	293,084
Munising	Twp.	Alger	2,455	2,714	2,045	2,562
Munro	Twp.	Cheboygan	0	523	0	536
Muskegon	City	Muskegon	81,250	115,820	74,342	81,766
Pentland	Twp.	Luce	4,438	3,177	1,860	7,195
Pittsfield	Twp.	Washtenaw	16,429	21,378	16,347	19,210
Port Huron	City	St. Clair	0	32,055	23,612	25,942
Prairieville	Twp.	Barry	1,162	1,118	1,147	1,589
Roscommon	Twp.	Roscommon	842	0	0	0
Ross	Twp.	Kalamazoo	1,058	1,527	1,291	1,242
Saginaw	City	Saginaw	52,121	67,798	51,490	58,975
Sault Ste. Marie	City	Chippewa	113,223	153,323	122,429	75,982
St. Louis	City	Gratiot	6,370	8,311	6,221	5,866
Standish	City	Arenac	2,673	3,779	2,879	3,054
Tittabawassee	Twp.	Saginaw	2,109	4,372	3,844	3,531
Unadilla	Twp.	Livingston	0	0	1,205	0
Union	Twp.	Isabella	0	6,347	5,441	6,076

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<b>Local Unit</b>	<b>Unit Type</b>	<b>County</b>	<b>FY 16 Amount</b>	<b>FY 17 Amount</b>	<b>FY 18 Amount</b>	<b>FY 19 Amount</b>
Windsor	Twp.	Eaton	\$49,317	\$19,301	\$21,095	\$84,162
York	Twp.	Washtenaw	3,929	5,566	4,400	4,883
Ypsilanti	City	Washtenaw	407,352	489,567	404,173	458,168
<b>Total</b>			<b>\$9,273,900</b>	<b>\$12,673,900</b>	<b>\$10,673,900</b>	<b>\$13,600,000</b>