

Senate Bill No. 508

(By Senators Unger, Jenkins and Kessler (Mr. President))

[Introduced February 7, 2014; referred to the Committee on Government Organization; and then to the Committee on Finance.]

**FISCAL
NOTE**

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article, designated §29-3E-1, §29-3E-2 and §29-3E-3, all relating to the establishment of the Volunteer Departments Loan Fund within the State Treasurer's Office; providing the power of the State Fire Commission to withdraw money from the fund; and providing amounts that the State Fire Commission may loan to volunteer departments.

Be it enacted by the Legislature of West Virginia:

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new article, designated §29-3E-1, §29-3E-2 and §29-3E-3, all to read as follows:

ARTICLE 3E. VOLUNTEER DEPARTMENTS LOAN FUND.

§29-3E-1. Establishing the Volunteer Departments Loan Fund.

(a) Beginning July 1, 2014, there is created within the State

1 Treasury a fund designated the Volunteer Departments Loan Fund. The
2 fund shall have credited to it all appropriations for volunteer
3 fire departments made by the Legislature, other than appropriations
4 for expenses of administering this article or grants from other
5 sources to the State Fire Commission as well as repayment of
6 principal and interest on loans made under this article.

7 (b) Upon approval of a loan, the State Fire Commission shall
8 routinely requisition from the fund amounts as allocated by the
9 State Fire Commission for loans to volunteer fire departments. When
10 the amounts allocated as loans to volunteer fire departments are
11 repaid pursuant to the terms of the agreements made and entered
12 into with the commission, the commission shall pay those amounts
13 into the fund. The fund shall operate as a revolving fund in which
14 all appropriations and payments made to it may be applied to the
15 purposes of this article.

16 (c) Upon written request to the State Treasurer, the State
17 Fire Commission may withdraw money from the fund to provide loans
18 in a manner pursuant to section two of this article.

19 **§29-3E-2. State Fire Commission's use of funds.**

20 (a) In deciding how to distribute funds in the Volunteer
21 Departments Loan Fund, the State Fire Commission shall have the
22 power to:

23 (1) Establish criteria for determining the need for
24 firefighting equipment apparatuses, ambulances and rescue vehicles

1 and to establish guidelines and procedures for volunteer fire
2 departments to show just cause to determine the need; and

3 (2) Propose legislative rules it deems necessary to carry out
4 its powers and duties under this article;

5 (3) Specify priority of any liens against any facilities,
6 apparatus equipment, ambulances, rescue vehicles or any equipment
7 purchased by volunteer companies using funds loaned under this
8 article and to pay any part of the purchase price. The State Fire
9 Commission may specify the type of liens or collateral authorized
10 as security under this subsection; and

11 (4) Reject a loan application based on the criteria
12 established under subdivision (1) of this subsection.

13 **§29-3E-3. Providing loans to volunteer fire departments.**

14 (a) (1) The State Fire Commission is authorized, upon
15 application by any volunteer fire department, volunteer ambulance
16 service or volunteer rescue squad, to make loans as provided in
17 this subsection.

18 (2) A loan may be made to establish or modernize a facility
19 that houses firefighting equipment, ambulance or rescue vehicles.
20 The amount of a loan for establishing or modernizing facilities
21 made to any one volunteer fire department, ambulance service or
22 rescue squad may not exceed fifty percent of the total cost of the
23 facilities or modernization or \$400,000, whichever is less.
24 Proceeds of the loan shall be used only for purposes of structure,

1 land acquisition, renovation and construction, but may not be used
2 for payment of fees for design, planning, preparation of
3 applications or any other cost not directly attributable to
4 structure, land acquisition, renovation or construction.

5 (3) A loan may be made to purchase firefighting apparatuses,
6 ambulances or rescue vehicles. The amount of a loan made to any one
7 volunteer fire department, ambulance service or rescue squad for
8 any ambulance or light duty rescue vehicle as defined by rule may
9 not exceed \$100,000 and for a watercraft rescue vehicle may not
10 exceed \$30,000 or fifty percent of the cost of the ambulance or
11 rescue vehicle, whichever is less.

12 (4) A loan may be made to a volunteer fire department,
13 ambulance service or rescue squad for the purchase of protective,
14 accessory or communication equipment once in any five-year period.
15 Each volunteer fire department, ambulance service or rescue squad
16 may apply for a loan for a mobile and portable radio unit for each
17 existing serviceable apparatus equipment, ambulance or rescue
18 vehicle. Radio equipment obtained through loans under this article
19 shall be equipped with a frequency or frequencies licensed by the
20 Federal Communications Commission for firefighting or emergency
21 response purposes. Loans made under this subsection for the
22 purchase of protective, accessory or communicative equipment shall
23 not exceed \$20,000.

24 (5) A loan may be made to a volunteer fire department,

1 ambulance service or rescue squad to pay for debt incurred or
2 entered into after the enactment of this article, and used for the
3 purchase of apparatus equipment or for the construction or
4 modernization of facilities or for modification of apparatus
5 equipment in order to comply with National Fire Protection
6 Association standards.

7 (6) A loan may be made to a volunteer fire department,
8 ambulance service or rescue squad for the repair or rehabilitation
9 of apparatus equipment. Where it has been determined that existing
10 apparatus equipment no longer meets the standards of the National
11 Fire Protection Association and the repair or rehabilitation of
12 such equipment will bring it in compliance with National Fire
13 Protection Association standards, loans for the repair or
14 rehabilitation for a single apparatus equipment shall be for at
15 least \$2,000 but may not exceed the lesser of \$70,000 or eighty
16 percent of the total cost of repairs or rehabilitation.

17 (7) A loan may be made to a volunteer fire department,
18 ambulance service or rescue squad for the purchase of used
19 firefighting apparatuses, equipment, used ambulances, used rescue
20 vehicles, used communications equipment, used accessory equipment
21 or used protective equipment. Any used vehicles and equipment
22 purchased shall meet the National Fire Protection Association
23 standards and loans for the purchase of a used single apparatus
24 equipment shall not exceed \$120,000 or eighty percent of the total

1 cost of the equipment, whichever is less.

2 (8) A loan may be made to a volunteer fire department,
3 ambulance service or rescue squad for the purchase of any hardware
4 and software needed for fire information reporting. Volunteer fire
5 departments, ambulance services and rescue squads are eligible to
6 apply one time only for a loan of not more than \$4,000 or
7 seventy-five percent of the cost of an acquisition, whichever is
8 less, and with a term not exceeding five years for the purpose of
9 acquiring the any necessary hardware and software. The State Fire
10 Commission shall develop, at its discretion, procedures and forms
11 as it may deem necessary to facilitate loans for hardware and
12 software.

13 (b) Loans made by the commission in the amount of \$30,000 or
14 less are for a period of no more than five years. Loans in excess
15 of \$30,000 but for \$100,000 or less are for a period of not more
16 than fifteen years. The payback period of any loan in excess of
17 \$100,000, except a loan for establishing or modernizing facilities,
18 may not exceed twenty years. The payback period for any loan in
19 excess of \$200,000 for establishing or modernizing facilities may
20 not exceed twenty years. Loans are subject to the payment of
21 interest at two percent annually and are subject to such security
22 as determined by the commission. The total amount of interest
23 earned by the investment or reinvestment of all or any part of the
24 principal of any loan shall be returned to the commission and

1 transferred to the Volunteer Departments Loan Fund and may not be
2 credited as payment of principal or interest on the loan. Except as
3 provided in subdivisions(5) and (7) of subsection (a) of this
4 section, the minimum amount of any loan shall be \$10,000.

5 (c) Every application for a loan shall be accompanied by a
6 notarized financial statement of the volunteer fire department,
7 ambulance service or rescue squad and a financial plan to show the
8 amount of assets and projected revenues for the repayment of the
9 loan, any other obligations and operating expenses over the period
10 of the loan. Every application shall be accompanied by evidence
11 sufficient to show that all costs except the amount of the loan
12 have been obtained by assets of the volunteer department and other
13 loans or sources of revenue.

14 (d) Loans used for the acquisition by volunteer departments of
15 new or used apparatus equipment, new or used ambulances, new or
16 used rescue vehicles, new or used communications equipment, new or
17 used accessory equipment or new or used protective equipment or for
18 the acquisition and renovation of existing structures to house
19 firefighting equipment, ambulance or rescue vehicles or for the
20 construction or modernization of facilities and, except as provided
21 in subdivision (4) of subsection (a) of this section, may not be
22 used for operating expenses or for the refinancing of renovated
23 structures, refinancing of construction or modernization of
24 facilities, apparatus equipment, communication equipment, accessory

1 equipment, or, except as provided in subdivision (4) of subsection
2 (a) of this section, shall be made or used to reduce any debt or
3 other obligations issued prior to the effective date of this
4 article.

5 (e) Loans made by the State Fire Commission shall be paid from
6 the Volunteer Departments Loan Fund to the volunteer fire
7 departments, ambulance services and rescue squads in accordance
8 with legislative rules.

9 (f) All payments of interest on the loans and the principal of
10 loans shall be deposited by the State Fire Commission in the
11 Volunteer Departments Loan Fund.

12 (g) A volunteer fire department, ambulance service and rescue
13 squad is eligible for a loan regardless of legal ownership in whole
14 or in part by any political subdivision of any facilities or
15 apparatus equipment used by the volunteer fire department,
16 volunteer ambulance and volunteer rescue squad. Any equipment or
17 facilities financed may be transferred to a political subdivision
18 served by the volunteer fire department, volunteer ambulance
19 service or volunteer rescue squad subject to such security as
20 determined by the State Fire Commission.

NOTE: The purpose of this bill is to create a fund allowing
the State Fire Commission to make loans to volunteer fire
departments, ambulance and rescue vehicle services to pay for new
and updated equipment.

This article is new; therefore, strike-throughs and underscoring have been omitted.