

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 622
Committee Substitute Favorable 5/5/89

Short Title: Fire Ins. Fund Reimbursements.

(Public)

Sponsors:

Referred to:

March 15, 1989

A BILL TO BE ENTITLED

1 AN ACT TO CHANGE THE PROCEDURE FOR AND AMOUNTS OF PAYMENTS
2 FROM THE STATE PROPERTY FIRE INSURANCE FUND TO LOCAL
3 GOVERNMENTS FOR THE PROTECTION OF STATE-OWNED PROPERTY.
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5 Whereas, the State Property Fire Insurance Fund (" Fund") has safeguarded
6 the State's interests in State-owned property through responsible risk and financial
7 management; and

8 Whereas, recent losses and expanded coverages have increased demand on
9 Fund monies; and

10 Whereas, the transfer of one million four hundred fifty thousand dollars
11 (\$1,450,000) per year to local governments for fire protection of State-owned property
12 is seriously depleting the reserves of the Fund; and

13 Whereas, if the Fund was a licensed fire insurance company, because of its
14 precarious financial condition the Commissioner of Insurance would by law be required
15 to rehabilitate or liquidate the Fund; and

16 Whereas, in 1977 the Legislative Research Commission in its Report on Tax-
17 Exempt State-Owned Property recommended that the General Assembly not change the
18 tax-exempt status afforded State-owned property under the State Constitution and not
19 make payments in lieu of taxes to local government for local government services,
20 including fire protection; and

21 Whereas, the 1983 General Assembly enacted a special provision in the
22 current operations appropriations act to provide for the transfer referred to above; and

1 Whereas, the General Assembly recognizes the need for resources and
2 equipment of fire departments that protect State-owned property; and

3 Whereas, the Fund has actually purchased fire fighting equipment for local
4 fire departments; Now, therefore,

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 58-191.4 is repealed.

7 Sec. 2. Article 21 of Chapter 58 of the General Statutes is amended by
8 adding a new section to read:

9 **"§ 58-194.5. Payment from Fund for local fire protection of State-owned property.**

10 The Commissioner shall annually distribute money from the Fund to local
11 governments providing fire protection of State-owned property with a value of one
12 million dollars (\$1,000,000) or more. The amounts distributed to such local
13 governments shall be calculated on the value of such property protected, on a pro rata
14 basis. The local government protecting the highest value shall receive two hundred
15 thousand dollars (\$200,000) per year and the remaining local governments shall receive
16 lesser amounts in proportion to the value of the property they protect."

17 Sec. 3. There is appropriated from the General Fund to the State Property
18 Fire Insurance Fund for fiscal year 1989-90 the sum of \$900,000 and for fiscal year
19 1990-91 the sum of \$900,000 for the purpose of increasing the reserves of the Fund for
20 the protection of State-owned property.

21 Sec. 4. This act shall become effective July 1, 1989.