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User Fees for Firefighting

User fees allow for those citizens who utilize specific services to pay for them as opposed to a tax burden that disperses the fees for services amongst all citizens. Since the mid 1970's three-quarters of local governments in the United States and Canada have adopted user fees in one form or another (Berman 1997).

Types of User Fees at Fire Departments

The Fire Service Financial Management textbook written by the Federal Emergency Management Agency indicates that the additional revenue generated through user fees assists in the maintenance of fire departments (FEMA 1997). The United States Fire Administration in its book lists the following as the more common fees charged by fire and emergency medical service agencies (FEMA 1993):

- fire prevention fees i.e. permit fees, inspection fees, plans review fees and false alarm fees;
- emergency Medical Service (EMS) and transport fees;
- fire suppression and rescue fees;
- cost recovery for routine fire and hazardous materials response;
- standby and fireguard fees;
- special services;
- and, training fees.

Fire Prevention

The most notable form of fees charged by fire departments are related to fire prevention activities. These types of fees have been utilized in order to offset other costs incurred by the department and continue to be a common revenue source. It is noted that the willingness of individuals to correct violations has increased dramatically among those fire departments that charge fire inspection fees. Concerns do arise relating to the relationship between the fire department and their local business community. Inspection fees may produce a negative effect

on a departments fire prevention program (Godwin 1995). As a result many departments have opted to charge for re-inspection fees as opposed to charging for the initial inspection.

False Alarms

There are various fees associated with false fire alarms. These are similar to fees assessed by the police department for responding to false burglar alarms. It is noted that in fire response to a false alarm, an element of danger was created for the general public and the fire department. This is due to the fact that in the false alarm, valuable resources were utilized unnecessarily and firefighters were unavailable for actual fires or other calls. Charging a fee for these particular types of responses not only assists in fire department costs but also helps to address concerns related to fire alarm system maintenance. It is noted that most fire departments that utilize this type of fee schedule allow for a set number of false alarms per year (FEMA 1993).

Miscellaneous Fees

There are many other miscellaneous fees that fire departments charge as a way to supplement revenue. Fees for things such as document preparation, training, instruction, facility rental, and special event standby are all different ways fire departments increase revenue for services provided that are more than the basic call to 911 (Watkins 1998).

Benefits of the User Fee

The most obvious reason for the institution of user fees is to generate additional revenue for the fire department. Besides community donations and tax allocation this is the department's only other means of receiving financial backing. As the government's budget allocation for fire departments continues to shrink, user fees are becoming a more pertinent source of revenue and may dictate whether a department has the ability to function (Berman 1997).

Another argument offered for user fees is that it creates fairness and equity among all citizens. It is noted that a portion of all taxpayer revenue is allocated towards the department, user fees allow those who actually utilize the services to pay for them (Starling 1998).

User fees also generate a modification in behavior and compliance among the general public. It is noted that the implementation of fees encourages businesses to make the necessary modifications to meet the department's specifications (Wenke 1995).

Calculating Fees

Two main ways for calculating user fees were discussed in a study on assessing fees for fire department responses. The study suggests that flat fees should be calculated based upon equipment costs plus the cost of the water usage. The flat fee could also incorporate the cost of skilled labor. The second procedure used by fire departments in Iowa is fully calculated fees. These types of fees would incorporate the actual costs of the labor, vehicles, equipment, billing and collection. A means for calculating the costs of the vehicles would be \$1/1000 of the estimated value of the vehicle, this is a method used by construction trades (Callahan and Oster 1999).

The Fire Service Institute of Iowa State University Extension suggests the following schedule of fees (Callahan and Oster 1999):

- Grass fires \$100 - \$300
- Car fires \$150 - \$500
- Commercial fires \$300 - \$1,000
- Residential fires \$300 - \$500
- Hazardous material fires \$100 per truck + \$30/hour/firefighter.

State Data

Iowa

In 1996, 3% of fire department in the state of Iowa accessed fees for fire fighting, 35% for water rescue, and 65% charged fees for hazardous materials spill response. Many departments also charge for EMS services as well (Callahan and Oster 1999).

Arizona

Rural/Metro Corporation provides private sector fire protection in parts of Arizona. In some communities they serve, where the local government does not offer fire protection services and/or there is no tax base to support fire protection, Rural/Metro contracts directly with individual homeowners and business owners who pay annual subscription fees for fire protection (Rural/Metro Corporation)

Insurance Companies

Many insurance companies' policies cover fire department user fees. Policies written on Insurance Services Office Inc. forms typically cover fees up to \$500 dollars for residential policies and up to \$1000 on commercial policies written on their forms. Their automotive insurance forms will not cover fire department fees (Callahan, 1999). Insurance Services Office Inc. is a major insurance firm supplying statistical, actuarial, and underwriting information for the property/casualty insurance industry. ISO provides services, including standardized forms, to 1,500 insurance agents throughout the country (Insurance Services Office 2001)

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This report was completed by Erik Weibust, Lauren Haymond and Charles Megivern under the supervision of Professor Anthony Gierzynski on March 13, 2002 in response to a request from Senator Vince Illuzzi.