

U.S. Fire Administration

# Funding Alternatives for Emergency Medical and Fire Services

FA-331/April 2012



FEMA





### **Real Estate Transfer Tax**

Real estate transfer taxes are special-purpose taxes assessed on the sale of property. Usually, they are a percentage of the selling price of the real estate. Real estate transfer taxes have sometimes been levied to provide an additional source of revenue for public safety and public works projects. Proceeds from such taxes are pooled with other general-fund revenues but can be earmarked for specific purposes.

Thirty-five States and the District of Columbia impose some form of real estate transfer tax. California, Louisiana, and Ohio real estate taxes are imposed only at the local level. In Delaware, Maryland, Michigan, New Jersey, Pennsylvania, Washington, and West Virginia, some localities may impose a real estate transfer tax in addition to the State transfer tax.<sup>3</sup>

Most often, these taxes are used in areas with high single-family home ownership. Unlike property taxes, which are passed on to renters and low-income residents, a transfer tax is imposed only on those with incomes sufficient to purchase real estate. In some cases, first-time homebuyers may be exempted from the tax. Another advantage is that they are easy to collect so they have a low administrative cost. They can be collected along with property taxes at the time of closing on the mortgage or when the deed transfer is registered.

However, real estate transfer taxes are not without controversy. The tax is heavily opposed by realtors, home builders, and other real estate interests. Arizona preemptively banned local governments from implementing them and other States and localities have considered repealing the tax. Since most States require a local jurisdiction to get legislative approval to implement a real estate transfer tax, adoption is almost certain to face significant political opposition.

### **Utility-User Tax**

A utility tax is a charge on the use of public utilities such as telephone, cell phone, cable television, gas and electric services, municipal water, wastewater, and garbage collection. The utility tax applies to both businesses and homeowners. Taxes are collected by the utility as part of its regular billing procedure and then remitted to the city. A utility-user tax may be imposed as a special tax, earmarked for a specific purpose, or a general tax to be used for a variety of municipal needs.

Proceeds from the utility-user tax are used to fund local government services. The tax pays for law enforcement, fire protection, EMS, maintenance of city parks and streets, youth programs, and other general-fund services. Laws may include exemptions for seniors and low-income residents.

The Western Wayne County Ambulance Trust Authority covers the communities of Stillwater, Perkins, and Glencoe, OK. In 2011, the Authority implemented a Resident Benefit Program attaching a \$5-per-month fee to residents' utility bills. The fee covers the utility account holder and all permanent members of the household. Residents can opt out of the program but are responsible for the full cost associated with prehospital medical treatment and transportation.

### **Development Impact and User Fees**

Development impact and user fees are imposed to pay for the cost of programs or facilities that reduce the negative impact of an activity or specific business on a community. Fees are charged to ensure that those benefiting from an activity pay their fair share of the costs related to that activity. Costs may include licensing or permitting, cost recovery, inspection, and enforcement costs. Examples include an Enhanced 9-1-1 (E9-1-1) fee assessed against local communication services to recover costs for services and equipment that allow customers to dial 9-1-1 emergency services.

3 Federation of Tax Administrators: [www.taxadmin.org](http://www.taxadmin.org)



### Development Impact Fees

An impact fee is a direct charge levied by local governments against developers to help offset the cost of new growth. Impact fees most often take the form of a one-time permit charge assessed at the time of plat approval or an application for a building permit. These fees provide a city funding for capital projects. Cities may only impose fees on developments that will benefit from the infrastructure improvements. The fees cannot be used to fund operational expenses. Therefore, impact fees cannot be used for maintenance or to eliminate deficiencies in older neighborhoods.

Impact fees can provide some financial relief for growth-related problems. In California, some cities collect fees for such urban-growth needs as road improvements, mass transit, public art, low-income housing, day-care centers, and job training. Arizona allows impact fees for fire, police, parks, recreation, libraries, public buildings, and streets. Like real estate transfer taxes, impact fees are facing increasing political scrutiny from real estate interest groups. Today, 26 States have implemented the use of impact fees, mostly in the western States, along the Atlantic coast, and in the Great Lakes region of the country.

### User Fees

Cities have the authority to impose direct charges, or fees, on individual users of services. Use of these revenues is restricted to paying for the service for which the fees were collected. User fees are a fairly efficient way to distribute the costs of government services. Many communities are serviced by private ambulance providers. As such, a price can be affixed to some services, such as transportation or EMS-standby services, and the customer billed for the provision of those services. Fire departments and EMS agencies have assessed a number of EMS-related user fees as a means of cost recovery or alternative funding.

### Emergency-Response Service Fees

Fire and EMS agencies have experimented with charging fees to insurance companies to raise revenue to support services. Typically, automobile insurance policies provide coverage for medical expenses and ambulance transportation, but not for fire- or police-response services. These fees try to recoup the cost of providing noncompensated prehospital medical treatment and rescue activities.

This fee is not without controversy. Proponents point out that a high portion of motor-vehicle accidents to which fire and EMS agencies respond to involve drivers who are nonresidents and not part of the local tax base. Opponents of the fee, particularly the insurance industry which calls it a “crash tax,” claim that emergency responses to vehicle accidents are part of the regular duties of first responders and are funded by local taxes. Nonresidents will pay sales taxes and transient taxes that help to cover their portion of the costs. Arizona, Utah, and Kansas have preemptively banned emergency-response service fees.

### Inspection Fees

Inspection fees have long been used by fire departments to provide funding for fire prevention. Fee schedules vary among jurisdictions. Inspection fees may be based upon the type of inspection conducted (initial or reinspection), the occupancy (educational, industrial, residential, etc.), and the size of the building. Many departments charge a flat fee for initial inspections with additional fees for each subsequent reinspection. Additional fees may be charged when special hazards are present, such as hazardous materials storage areas.

Business self-inspection programs have become an accepted way to address low-hazard occupancies, while making certain the fire department has the necessary information on businesses operating within the jurisdiction and the types of hazards present. Self-inspection programs involve sending a checklist to the registered business operator. The owner completes and returns the checklist to the fire department along with a nominal fee in exchange for a Certificate of Inspection. Some fire departments conduct random audit inspections to ensure proper compliance. Self-inspection programs only work for low-hazard occupancies. The advantage is that self-inspections collect information the firefighters need, while also providing a revenue stream for fire prevention services at little cost to the department. The following is one example of a fire inspection schedule.



**FIRE INSPECTION FEE SCHEDULE**  
**Effective From June 15, 2010 to June 15, 2011**

**Existing Fire Prevention Inspection Fees**

- (a) A fee shall be imposed by the Village for each inspection performed by the Fire/Rescue Department and shall be according to the fire inspection fee schedule herein set forth below.

**ANNUAL FIRE INSPECTION FEE SCHEDULE**

<b>Assembly Occupancies (Based on Occupant load)</b>		
<b>A-3</b>	<b>Class A (greater than 999)</b>	<b>\$162.98</b>
<b>A-2</b>	<b>Class B (between 300 and 999)</b>	<b>\$114.09</b>
<b>A-1</b>	<b>Class C (between 50 and 299)</b>	<b>\$70.63</b>
<b>Educational</b>		
<b>E-1</b>	<b>Under 5,000 sq. ft.</b>	<b>\$54.34</b>
<b>E-2</b>	<b>5,001 to 10,000 sq. ft.</b>	<b>\$108.66</b>
<b>E-3</b>	<b>All others</b>	<b>\$54.85</b>
	<b>Daycare centers</b>	<b>\$54.85</b>
<b>Health Care/Institutional</b>		
	<b>Ambulatory health-care centers</b>	<b>\$54.85</b>
	<b>Limited-care facilities</b>	<b>\$54.85</b>
<b>C-1</b>	<b>Nursing homes</b>	<b>\$162.98</b>
	<b>Hospitals</b>	<b>\$271.64</b>
<b>Detention and Correction Occupancies</b>		
	<b>All types</b>	<b>\$271.64</b>
<b>Residential Occupancies (per unit charge)</b>		
<b>M-F</b>	<b>Multifamily 1-2 stories</b>	<b>\$5.44</b>
<b>M-F</b>	<b>Multifamily 3-4 stories</b>	<b>\$5.44</b>
<b>M-F</b>	<b>Multifamily 5 stories and over</b>	<b>\$5.44</b>
<b>A L</b>	<b>Assisted living (per bed)</b>	<b>\$5.44</b>
<b>D-1</b>	<b>Hotel or motel facility (per bed)</b>	<b>\$5.44</b>
<b>Mercantile, Business and Storage</b>		
<b>B-1</b>	<b>3,000 sq. ft. and under</b>	<b>\$54.85</b>
<b>B-2</b>	<b>3,001 to 6,000 sq. ft.</b>	<b>\$70.63</b>
<b>B-3</b>	<b>6,001 to 10,000 sq. ft.</b>	<b>\$114.09</b>
<b>B-4</b>	<b>10,001 sq. ft. and over</b>	<b>\$162.98</b>
<b>Industrial/Manufacturing</b>		
<b>F-1</b>	<b>Under 12,000 sq. ft.</b>	<b>\$81.48</b>
<b>F-2</b>	<b>12,000 and over</b>	<b>\$162.98</b>
<b>Other structures and required permits by National Fire Protection Association (NFPA)</b>		<b>\$54.85</b>
<b>Review of fire and/or disaster operational plans</b>		<b>\$54.85</b>
<b>Locked or blocked exit door will be immediate fine of</b>		<b>\$81.59 each</b>



Initial fee covers initial inspection and one reinspection trip. Final inspection fee will be based upon the number of inspections needed for compliance, in accordance with reinspection fee schedule.

**REINSPECTION FEE SCHEDULE**

All additional inspection trips shall have accumulative charges based upon the following schedule.

	Total charge
Single inspection trip	AFIFS*
Second inspection trip is no charge	\$0.00 + AFIFS*
Third inspection trip fee is \$38.04	\$38.04 + AFIFS*
Forth inspection trip fee is \$76.08	\$144.12 + AFIFS*
Fifth inspection trip fee is \$152.16	\$266.28 + AFIFS*
Sixth inspection trip fee is \$304.32	\$570.60 + AFIFS*
Seventh inspection trip fee is \$608.64	\$1,179.24 + AFIFS*
Eighth inspection trip fee is \$1,217.28	\$2,396.52 + AFIFS*
Ninth inspection trip fee is \$2,434.56	\$4,831.08 + AFIFS*
Tenth inspection trip fee is \$4,869.12	\$9,700.21 + AFIFS*
Each additional trip doubles the previous inspection charge.	

\*AFIFS is the Annual Fire Inspection Fee Schedule.

As of 4/29/2009, per Chief, anything other than listed specifically above gets charged minimum Plan Review of \$80.72.

- (b) A fee shall be imposed by the Fire/Rescue Department for the review of plans, drawings, specifications, engineered submittals, shop drawings, sketches, and for inspections for all new construction, renovations, or demolition within the Village and shall be according to the fee schedule below.

**FIRE/RESCUE PLANS REVIEW AND CONSTRUCTION INSPECTION FEE SCHEDULE**

The following formula, which is based on the square footage of the proposed work, will be used to determine Plan Review fees.

\$0.27 for every square foot of construction, demolition, and renovation of construction in the Village of Tequesta, except for single-family residential occupancies.

Minimum plan review and permit fee shall be \$81.48.

Review of plans or specifications that are not sealed by a licensed architect or engineer shall increase the permit fee by 50 percent.

Commencement of work prior to issuance of permit shall double the required permit fee.

A fee of \$38.04 shall be charged for each failed inspection, which requires an additional trip to the job site.

Plan Revisions

Minor revisions:	10 percent of original fee
Major revisions:	50 percent of original fee
Minimum revision fee:	\$54.34
Restamp:	\$5.43 per page



A fee of \$108.66 shall be charged for a waterflow test. Fee to be paid in advance.

The Department of Fire/Rescue services shall charge \$92.36 per hour for all consultations such as prepermit meetings, bidding conferences, conceptual design reviews, Development Review Committee (DRC) review, and/or conferences. The minimum charge shall be \$135.82.

Required permits under the Florida Fire Prevention Code which are not included in the construction square footage fee shall be in accordance with the following table. Minimum fee of \$54.34, plus the following charges.

<b>Fire Suppression Sprinkler System (charge per head)</b>	<b>\$1.09</b>
<b>Liquefied Petroleum (LP) Gas Installation (charge per connection)</b>	<b>\$2.18</b>
<b>Fire Pump installation and acceptance test</b>	<b>\$108.66</b>
<b>Fire-Suppression Hood</b>	<b>Minimum Fee</b>
<b>Hood suppression system (per nozzle)</b>	<b>\$2.18</b>
<b>Standpipe system (per hose outlet)</b>	<b>\$5.44</b>
<b>Fire Alarm System (per device)</b>	<b>\$1.09</b>
<b>Other required permits (includes shutters)</b>	<b>Minimum Fee</b>

Fire watch details that are required by the Code and/or required by the fire chief shall be charged at a rate of \$38.04 per hour.

Commencing May 2007, and every year thereafter, all hourly rate charges and permit fees shall be adjusted annually by an annual cost index. The annual cost index shall be the average of the May Consumer Price Index for All Urban Consumers, Southern Region, and the May Consumer Price Index, Medical Care Group.



### Plan Review and Permitting

Many fire departments review building plans for fire code compliance and inspect the installation of fire protection systems during construction. The fire department often receives part of the permit fees paid to the jurisdiction for these services.

Fees are also charged for occupancy permits, special hazards permits, reviewing plans for building renovations, and reviewing new fire protection systems in existing buildings. Fees are also often charged for inspecting daycare centers, hotels, hospitals, nursing homes, spray-painting businesses, and other specific occupancies that require special permits to operate.

Departments may also charge a fee for special event permits such as public events, the use of fireworks, large tent events (circuses, beer tents, etc.), as well as other special purposes such as open burning or movie production sets.

Often, the problem with plan review and permitting is that the fee is not set high enough to recover the full costs of the services provided. They are among the fees that developers, builders, and others expect to pay but object to any increases in the fees. Local governments need to consider whether they want the fees to cover the entire cost of providing the service or only a portion, and whether they want them indexed in some way or recomputed annually or at least every few years. These are policy decisions made by elected officials and need the informed input from the fire chief and fire marshal. Departments may encourage waiving all or part of these fees to encourage installation of additional automated fire protection systems.

### Hazardous Materials Fees

Maintaining the capability to respond effectively to hazardous materials incidents adds significant costs for local jurisdictions. Hazardous materials response requires hundreds of hours of training and continuing education, specialized equipment, and technical expertise to conduct inspections. Hazardous materials occupancies do not have to be large or unusual to pose a challenge, such as a microchip manufacturing plant, the local pool store and exterminator business can pose significant problems for first responders. Seemingly minor incidents involving hazardous materials can keep fire companies occupied for long periods of time and present dangers to the public, responders, and the environment.

To offset the expense of providing hazardous materials response capabilities, some fire departments have adopted a hazardous materials storage and inspection fee. Revenue from this fee helps ensure steady income for training fire inspectors and covering the cost of specialized inspection services.

Many fire departments also charge for hazardous materials team response, both to offset the cost of the response and to incentivize proper maintenance of hazardous materials facilities. The fee also helps replace equipment used to mitigate a spill or release. Federal law requires the owner or transporter of released hazardous materials to pay cleanup costs, including fire department and EMS costs, which helps to justify these fees.

### Special Service (Standby and Fire Watch) Fees

Fees for “special” services attempt to recover or offset the costs from the users of the service. These fees may be charged for services such as EMS standby at a football game or fire watch at a concert venue. The users often pay less than they would if they contracted with a for-profit provider for the service and often receive intangible benefits such as communications links that can quickly get additional resources to an event if an emergency develops.

Sometimes, fire and EMS agencies provide personnel to who serve offduty and are paid directly by the special event, rather than through the agency or local government. Either way (onduty or offduty), protection is provided for a special purpose, and the agency receives reimbursement for the service.



The downside of these special fees (and fees in general) is that the public may expect these services to be provided routinely, without further charge, as part of their taxes. A public education campaign may be necessary to prevent discontent and resistance. Special services fees can be presented to the public as improving equity to all taxpayers, by not using everyone's taxes to subsidize those who require services above the level provided to everyone else.

In addition to stand-by fees, fire departments may charge special service fees for such services as hazardous materials response, water rescue, fire protection system resets, fire inspections, and permitting.

#### **Emergency Medical Services User Fees**

Many fire departments have historically offered EMS without charging a service fee, unless the patient was transported to the hospital. Increasingly, fire and EMS agencies are implementing nontransportation-related fees for service in an effort to recoup cost of supplies. The San Antonio Fire Department charges whenever EMS personnel are called out to do a medical assessment, even if the patient isn't transported to the hospital. This nontransport charge averages \$85. The department also charges a fee for EMS supplies and medications ranging from \$5 for Albuterol or Dextrose to \$170 for Diazepam and Amiodarone.<sup>4</sup>

The EMS service fee has been successful in paying for a portion of the cost of maintaining EMS capacity. Similar fees have helped fire departments maintain existing levels of service and, in some cases, engage in new services.

### **Fines, Forfeitures, and Penalties**

In some U.S. cities (and several other Nations), people responsible for fires or certain high-risk rescue activities may be held financially accountable for their actions, and to pay for the cost of emergency services. Recovery of costs is intended to not only defray the cost of providing rescue services, but to change behavior in order to deter risk-taking behavior among the public.

Depending on State law, cost-recovery measures may need to be approved by legislative act. Taking people to court to recover costs, such as suing after a large incident, are often unsuccessful without previously enacted legislation.

For example, Section 28-910 of the Arizona Revised Statutes authorizes fire and rescue organizations to bill motorists who knowingly cross a barricaded flood area. Known as the "Stupid Motorist Law," the law allows fire departments and rescue organizations to impose a fee (or fine) for the rescue of a motorist out of a flooded area, up to a maximum of \$2,000.

Alaska adopted legislation to assist in enforcing seatbelt use as well as to generate revenue for EMS agencies in the State. The legislation states that if a person is guilty of an infraction concerning seatbelt usage, they can be fined up to \$15 per person. Fines are higher (up to \$500) for children not in proper Alaska safety-restraint systems. The courts have the ability to waive this fee if the person convicted donates \$15 to the EMS agency providing services in the area which the violation occurred. This program generates supplemental funding for EMS agencies in the State.

The Ohio EMS grant program funds improvements to enhance EMS and trauma patient care in the State. All EMS and trauma system grants are funded through the collection of seatbelt fines.

California Senate Bill 12 established the Maddy Emergency Medical Service Fund. Maddy is a mandated program funded by revenue generated from fines, forfeitures, and penalties collected for all criminal offenses. Funds are intended to reimburse providers for the costs associated with providing emergency care

<sup>4</sup> San Antonio Fire Department EMS Billing Policies and Fees: [www.sanantonio.gov/safd/emsbilling.asp?res=1024&ver=true#listing](http://www.sanantonio.gov/safd/emsbilling.asp?res=1024&ver=true#listing)





to uninsured patients. Seventeen percent of Maddy funds in Merced County support the county EMS agency that provides oversight of EMS, such as certification of emergency medical technicians (EMTs), monitoring ambulance services, and expenses related to the maintenance of quality emergency-response systems.

### **Fines for Nuisance Alarms**

Most new commercial buildings and an increasing number of residences have fire detection systems that can trigger unwanted fire alarms requiring the response of the fire department. Each false alarm creates some danger for the public and firefighters. In 2009, fire departments responded to 16 false alarms for every 10 fires, and 45 false alarms for every 10 structure fires.<sup>5</sup> From 2000 to 2009, 24 firefighters died responding to unwanted fire alarms, including malicious false alarms and alarm malfunctions.<sup>6</sup>

Increasingly, cities are adopting nuisance and unwanted alarm ordinances that include fines to encourage better maintenance of systems, place greater responsibility on the system owner for unnecessary or inappropriate actions triggering alarms, and recover some of the costs of responding to these types of alarms.

According to the NFPA, one-quarter of jurisdictions issue violation notices for false alarms and almost one-third (31 percent) assess fines or penalties. This approach has proven effective at reducing nuisance alarms. A March 2007 NFPA Journal article entitled “Nuisance Alarms” documented a successful management approach to addressing a false alarm problem in three multitowered commercial highrise buildings in Calgary, Alberta, Canada. Through a combination of increased training, improved procedures and communications, investigation of causes, and assessment of fines and penalties, false alarms were reduced by 50 percent between 2003 and 2006.

The False Alarm Reduction Association (FARA) has a model fire alarm ordinance available on their website ([www.faraonline.org](http://www.faraonline.org)).

False medical alarms are increasingly becoming a problem for fire departments and EMS agencies and some cities have instituted penalties for these incidents as well. Rockford, IL began charging a fine for false medical alarms in February 2010. A fine is assessed for more than five false alarms per year. The primary subscriber of the medical-alarm service is assessed a \$100 fine for each false alarm from 5 to 8, \$200 for the 9th and 10th incident, and \$300 for each false-alarm response above that.

### **Seized Assets**

Another source of funds, equipment, and vehicles accessed by a growing number of public safety agencies are the assets seized during drug raids. Where the fire and EMS agency can demonstrate that illegal drug activity has increased the demand for services, such as through EMS records of illegal drug overdoses, or that first responders have participated in drug-related incidents (such as hazardous materials team response to drug labs, Special Weapons and Tactics (SWAT) paramedics in support of drug raids, and treating victims of raids), they may be able to share in money and equipment seized by law enforcement in drug-related arrests and raids. Their money may have to be used for the purchase of special equipment for assistance in drug-related incidents, but can include vehicles, ambulances, communications equipment, computers, and other resources. The equipment does not have to be used solely for drug-related incidents so long as it is available for such incidents.

5 “Unwanted Fire Alarms.” NFPA, 2011.

6 “Firefighter Fatalities in the U.S.” NFPA, 2010.