

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 918
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: AUGUST 16, 2022

SUMMARY

Synopsis: "Assistance to Firefighters' Families Act"; doubles pension amounts for beneficiaries of certain deceased volunteer emergency service providers; provides for burial expenses and adjusts life insurance coverage for volunteer firefighters; permits fire code inspection surcharge.

Type of Impact: Annual State expenditure increase; Potential annual local expenditure increase; Potential annual local revenue increase.

Agencies Affected: Department of the Treasury; Municipalities.

Office of Legislative Services Estimate

| Fiscal Impact | <u>Annual</u> |
|---|----------------------|
| State Cost Increase | \$203,000 |
| Potential Local Cost Increase | Indeterminate |
| Potential Local Revenue Increase | Indeterminate |

- The Office of Legislative Services (OLS) concludes that doubling the death benefit for beneficiaries of volunteer firefighters and other emergency services employees who are killed while performing their duties would increase the actuarially determined unfunded liability of certain State-administered retirement systems by approximately \$2.4 million over the statutorily mandated 26-year amortization period. The annual payment to retire the unfunded liability would be \$203,000.
- The bill may result in an indeterminate annual increase in local expenditures for municipalities to the extent that municipalities are required to pay for funeral and burial costs upon the death of a volunteer firefighter. The bill will also result in further expenditure increases by municipalities that choose to provide life insurance for members of a volunteer fire department at the higher amounts as allowed under the bill and assume the resulting additional costs.
- Municipalities that choose to establish a surcharge for fire code inspections for the purpose of defraying the cost of insurance premiums and other benefits for volunteer firefighters will experience an indeterminate annual local revenue increase.

BILL DESCRIPTION

This bill doubles the survivor pension amounts that the State is required to pay to beneficiaries of volunteer firefighters, first aid workers, rescue squad workers, and emergency medical technicians who die as the result of injuries sustained while performing their duties.

Additionally, this bill would require municipalities served by volunteer fire companies to pay reasonable funeral and burial expenses of a volunteer firefighter to the extent those costs are not covered by the New Jersey State Firemen's Association or a firemen's relief association. The bill also increases from \$25,000 to \$250,000 the maximum group life insurance policy coverage that a municipality may undertake or pay the premium for volunteer firefighters that serve the municipality. Municipalities may raise funds to provide these benefits to volunteer firefighters by establishing a surcharge for each fire code inspection in the municipality.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that doubling the death benefit for beneficiaries of volunteer firefighters and other emergency services employees who are killed while performing their duties would increase the actuarially determined unfunded liability of certain State-administered retirement systems by approximately \$2.4 million over the statutorily mandated 26-year amortization period. The OLS used data available through the New Jersey Office of Information Technology's website to determine the population relevant to this bill for which death benefits are being paid. Doubling the amount of the death benefit would increase the unfunded pension liability by \$2.4 million, and the annual payment to retire the increased unfunded liability would be \$203,000. The 26-year amortization period is an outcome of the amortization period for the State-administered retirement system having been shifted to a closed 30-year period commencing in 2019 pursuant to statute and in accordance with actuarial standards.

Additionally, the bill increases from \$25,000 to \$250,000 the maximum group life insurance policy coverage that a municipality may undertake or pay the premium for volunteer firefighters that serve the municipality. The OLS expects municipalities that contribute to life insurance premiums for their volunteer firefighters would experience an indeterminate annual increase in expenditures to the extent that a municipality opts to increase the insurance coverage. The bill also allows municipalities to establish a surcharge for fire code inspections in order to defray costs for providing insurance or other benefits to volunteer firefighters. To the extent that a municipality chooses to impose a surcharge for this purpose, the municipality would experience an indeterminate increase in annual revenue. The OLS notes that the costs of opting to increase benefits, the number of qualifying inspections conducted annually, and the fee amounts required to pay for the increased benefits will vary based upon the decisions and experience of individual municipalities.

Municipalities will also be required to pay reasonable funeral and burial costs upon the death of a volunteer firefighter to the extent that the costs are not covered by the New Jersey State Firemen's Association or a local firemen's relief association. The amount that the New Jersey State Firemen's Association contributes to funeral or burial costs is based on length of service of

the firefighter, from \$1,500 for a firefighter that has served for at least one month, but less than one year, and up to \$12,000 for a firefighter that has served for seven years or more. The amounts contributed by the New Jersey State Firemen's Association are tripled if the firefighter was killed in the line of duty. Current law requires that relief, support, or burial benefits through a local firefighters' relief association are to be granted in accordance with the rules and regulations adopted by the New Jersey State Firemen's Association. The OLS is unable to predict the number of beneficiaries of volunteer firefighters killed in the line of duty that will receive assistance with burial and funeral costs, and the amounts that may be contributed by the New Jersey State Firemen's Association or a local firemen's relief association for each firefighter that is eligible. Therefore, the OLS is unable to predict the increase in annual expenditures that a municipality may experience in providing reasonable funeral and burial costs upon the death of a volunteer firefighter.

The OLS notes that, as of March 2018, the Department of Community Affairs reported that 30,372 firefighters in the State served in a volunteer capacity.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).