

HF 2925 (Halverson); SF 4399 (Carlson): City of Eagan Permitted to Allocate Fire State Aid

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Introduction

- Affected Plan:** Eagan Firefighters Relief Association
- Laws Amended:** Bill creates an uncoded section
- Brief Description:** The bill permits the City of Eagan to allocate fire state between its relief association and its full time firefighters. The bill applies retroactively from January 1, 2020, and expires upon the effective date of general legislation permitting allocation of fire state aid.

Background

For additional background information on allocating fire state aid, see the [staff summary of HF 3870 \(Nelson, M.\); SF 3574 \(Rosen\)](#).

For several years, the City of Eagan has operated under an arrangement where it transmits an agreed upon amount of money to the relief association for each firefighter. This has not been an issue because in past years Eagan transmitted more money to its relief association than it received from the state. Starting in 2020, Eagan is expected to receive more fire state aid than it has agreed to send to its relief association. This is because Eagan is currently transitioning its fire services from a volunteer department to a majority career department.

Description of the Bill

Under current law, Eagan is required to transmit all of the fire state aid it receives to its relief association. Eagan currently has an agreement with its relief association that determines the amount of fire state aid Eagan is required to transmit. The bill permits Eagan to withhold the portion of the fire state aid that is left over after Eagan transmits the fire state aid required by its agreement.

HF 2925 (Halverson); SF 4399 (Carlson) does the following:

- The City of Eagan must transmit the amount of fire state aid to the relief association in the manner and at the times required by its agreement with the relief association;
- Eagan must transmit any supplemental aid it receives to the relief association but the supplemental aid counts towards its obligation under its agreement with the relief association;

- Fire state aid retained by the city can only be used for employer contributions to the Public Employees Police and Fire Retirement Plan (PERA P&F); and
- If any fire state aid is received by the City of Eagan and an agreement is not in effect, Eagan must transmit all of the fire state aid to the relief association.

The bill ceases to be effective after general legislation becomes effective that permits Eagan to allocate its fire state aid. The bill is effective retroactively to January 1, 2020, and thus would apply for fire state aid already paid this year.

Discussion and Analysis

How does this bill work with general legislation?

HF 2025 (Halverson) permits Eagan to allocate fire state aid earlier than the general legislation bill (HF 3870 (Nelson); SF 3574 (Rosen)) does. Under HF 2025 (Halverson), Eagan is authorized to start allocating fire state aid on January 1, 2020. Under HF 3870 (Nelson; SF 3574 (Rosen)), Eagan could not start allocating fire state aid until after October 2021.

The authority under this bill would stop once the general law became effective (for fire state aids payable in 2021).

How does this bill work without general legislation?

If the Commission decides not to recommend the general legislation permitting aid allocation (HF 3870 (Nelson); SF 3574 (Rosen)), then this bill permits Eagan to allocate fire state aid indefinitely or until further action by the legislature.

Who is affected by the bill?

This bill affects the City of Eagan, its fire department, and its relief association. Eagan's relief association has less than 30 members. Eagan's fire department has approximately 30 part-time and 18 full-time career firefighters.¹

What is the financial effect?

Eagan received \$353,680 in fire state aid and \$81,877 in supplemental aid (totaling \$438,557) on October 1, 2019.² Under current law, Eagan must transmit all of that money to the relief association. Under the bill and Eagan's agreement with its relief association, Eagan is permitted to transfer \$8,509

¹ CITY OF EAGAN, www.cityofeagan.com/about-the-fire-department.

² MN DEPT. OF REVENUE, *2019 Fire State Aid Amounts (2019)*.

for each active firefighter (about \$255,270). The Eagan Firefighters Relief Association provides a defined contribution plan; thus, the amount transmitted will be deposited into firefighters' individual accounts.

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