

Advisory Report

April 10, 2013



Key Efficiency Opportunities Identified:

- A number of fire protection entities in Sangamon County receive funding from a fee charged on fire insurance premiums within their jurisdiction provided by insurance companies located outside of the state of Illinois.
- Considerable ambiguity exists related to which jurisdictions are eligible for and collect such fees.
- The CEC recommends that local fire protection entities review statutory provisions related to Foreign Fire Insurance and take the necessary steps to ensure that revenues are being paid to the appropriate local agencies.
- The CEC also suggests that these entities consider locally administering Foreign Fire Insurance Funding.
- Local fire protection agencies should consider these funds' use in relation to coordinated regional fire protection.
- The CEC recommends an the Illinois General Assembly conduct a review of Foreign Fire Insurance Fund policy and administrative practices to ensure that funds are being collected and utilized in a manner that is in keeping with public policy best practice.

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Recommendation of the Citizen's Efficiency Commission for Sangamon County:

Foreign Fire Insurance Funding Administration and Use

Introduction

This report represents a formal recommendation by the Citizen's Efficiency Commission. All information has been compiled, researched, and validated by the CEC and its volunteers. The Commission expresses its hope that relevant local leaders will review the recommendation and take strides toward its implementation.

In light of the research presented below, the CEC recommends that the Springfield Fire Department and the twenty-nine fire protection districts in Sangamon County review the provisions in the Illinois Municipal Code and the Illinois Fire Protection District Act related to Foreign Fire Insurance and take the necessary steps to ensure that revenues specified in Illinois Compiled Statute are being paid to the appropriate local agencies.

The CEC also suggests that these entities consider locally collecting and distributing foreign fire funding, rather than having it collected by the Illinois Municipal League.

The CEC further recommends that local fire protection agencies consider the use of these funds in relation to a comprehensive and coordinated plan for regional fire protection.

Finally, the CEC recommends the Illinois General Assembly conduct a review of Foreign Fire Insurance fund policy and administrative practices beyond the scope of Sangamon County to ensure that funds are being collected and utilized in a manner that is in keeping with public policy best practice.

The Commission stands ready to provide assistance to the greatest extent possible in the review and implementation process. The CEC may be interested in further review of efficiency consideration that develop based on this advisory report, or of other recommendations that may arise.

Background

The CEC began its consideration of Foreign Fire Insurance Funds in fall of 2012. At this time, its Public Safety Committee expressed interest in examining how funds were being allocated under the Foreign Fire Insurance provision. Simultaneously, a local conversation began related to the administration and use of Foreign Fire Insurance Funds.¹

¹ City of Springfield. (January 15, 2013). *City Council Minutes*. Available at <http://www.springfieldcityclerk.com/CommitteeWhole/Minutes/Minutes%20January%2015%202013.pdf>.



This occurred in light of already-strained City of Springfield budgets related to fire protection and fire pension liability. In February of 2013, the full CEC expressed support for a finding to the effect of:

Illinois State Statutes mandate that insurance companies headquartered outside of the State of Illinois pay a fee not exceeding 2% of gross receipts received from fire insurance on properties in areas of Illinois that have established fire departments. The revenues from the fees imposed in most localities in the state are collected by the Illinois Municipal League for distribution to the independent fire protection districts and municipal fire departments in those localities. The Illinois State Statutes also mandate that any municipality containing less than 500,000 inhabitants that has an "organized fire department" and each fire protection district that has an "organized fire department, employs full-time firefighters, and is subject to a collective bargaining agreement" shall create a department foreign fire insurance board. The use of the IML-distributed revenues is determined by the respective fire protection district boards and/or foreign fire insurance boards. The committee requests the full support of the Commission to further review the foreign fire insurance fund related to fund structure and management, and as part of a broader view of fire protection-related revenues utilized regionally.

Fire Protection Districts in Sangamon County

There are 29 fire protection districts fully or partially located within Sangamon County, in addition to the City of Springfield's Fire Department. Nine of these districts, located contiguous to the City of Springfield, have no fire protection apparatus, and receive service from the Springfield Fire Department (SFD). The remaining departments are largely staffed by volunteers, although the larger villages, such as Sherman and Chatham, have some paid firefighters. Fire protection districts in Sangamon County are typically first responders for emergency medical services in addition to their fire protection duties.

Foreign Fire Insurance Funds

The Foreign Fire Insurance tax or license fee provision in the Illinois Municipal Code was enacted by the Illinois General Assembly in the 1890s. The Illinois Municipal Code (65 ILCS 5/11-10-1) specifies that:

In each municipality or fire protection district which has a fire department, every corporation, company, and association which is not incorporated under the laws of Illinois and which is engaged in effecting fire insurance in the municipality or fire protection district, shall pay to the fire insurance board or to the secretary of the fire protection district a sum not exceeding 2% of the gross receipts received from the fire insurance upon property situated within the municipality or district.

However, the state statute does not specify a process for collecting and distributing the revenues. The tax or license fee is not levied by the State of Illinois. It is a local government-levied tax.² Each municipality or fire protection district is responsible for prescribing the rate of the tax or license fee on the fire portion of insurance premiums within its jurisdiction, not to exceed 2%, by ordinance.

² The CEC acknowledges the ambiguity associated with the terminology of "tax or license fee." This language comes directly from state statute (65 ILCS 5/11-10-1). Throughout the document, the CEC will use these terms interchangeably.



Illinois Municipal League

The Illinois Municipal League (IML) began collecting and distributing the revenue from the 2% tax/fee as a service for some of its member cities in the 1930s. Currently, the IML collects and distributes the FFI revenue for most of the eligible municipalities and fire protection districts in Illinois. It appears to the CEC that the IML does an adequate job collecting and distributing these funds. For this service, the IML charges a 7% administrative fee on the Foreign Fire Insurance Revenues.³ The IML is aware of five cities, all outside Sangamon County, that collect and distribute the revenues themselves, rather than contract with the IML.⁴ A source in one of these communities in northern Illinois indicated that the village foreign fire board directly collects revenues from insurance companies, which it subsequently logs and deposits as a designated fund within the village budgetary framework. Its fund is audited as part of the village budget, but expenditures are under the administration of the Foreign Fire Insurance Board.

Foreign Fire Insurance Boards

The Illinois Municipal Code (65 ILCS 5/11-10-2) also specifies that:

- Any municipality containing less than 500,000 inhabitants that has an organized fire department shall create a department foreign fire insurance board. The board shall consist of 7 trustees (not less than 3 if an insufficient number of candidates) – the fire chief and six members, elected at large by the sworn members of the department. All members of the department shall be eligible to be elected as officers. The officers shall include a chairman and a treasurer.
- The trustees shall make all needful rules and regulations with respect to the board and the management of the money appropriated to the board. The officers shall develop and maintain a listing of those items that the board feels are appropriate expenditures.

The Code was amended in 2009 to specify that each fire protection district that “has an organized fire department, employs full-time firefighters, and is subject to a collective bargaining agreement” shall have a foreign fire insurance board.⁵ Money generated from Foreign Fire Insurance fees, by law, are required to be used for “the maintenance, use and benefit of the fire department.” When expenditure decisions are placed in the hands of a foreign fire insurance board within a fire department, the board has authority to interpret what those words mean, set priorities, and approve the expenditure of the funds, although expenditures that appear not to benefit the fire department could be challenged in an audit or in court. The CEC questions the indirect nature of the public accountability mechanisms available in this structure.

Recommendation Questions

In reviewing the Illinois statutes and the information obtained from the IML and other sources, the CEC focused on the following questions related to the foreign fire insurance tax or license fee and the foreign fire insurance board.

- Are all eligible fire departments in Sangamon County receiving revenues from a 2% foreign fire insurance tax or license fee?

³ Personal communication from James Sinclair, Stobbs, Sinclair & Carruthers, LTD of Alton, IL, and legal counsel for Riverton FPD (February 2, 2013), provided by Dominic Vespa, Riverton FPD.

⁴ Personal Communication from Larry Frang, Executive Director, Illinois Municipal League (March 8, 2013).

⁵ 65 ILCS 5/11-11i (P.A. 96-505)



- Are all fire protection districts in Sangamon County eligible to receive the foreign fire tax or license fee? Why or why not?
- Is the amount distributed to each eligible fire department the maximum amount that is due to each department?
- Is a board composed of firefighters, rather than publicly elected officials, the appropriate body to control the use of the foreign fire revenue?
- Is the administrative structure for Foreign Fire Insurance Funds the most efficient way to handle local funds?
- Are the expenditures of these funds currently in the best interest of constituents? Are they utilized in a manner that addresses regional needs related to fire protection and emergency medical services?

Overview of Existing Services

Fund Administration

In order to ensure collection and distribution of Foreign Fire Insurance funds, each of the out-of-state insurance companies that insure properties in Illinois annually submits to the IML a schedule listing the local fire departments and a check, payable to the "Illinois Municipal League Fire Tax Fund," for the total tax due. The schedule contains a code number, name of the municipality or FPD, fire premium, and tax due related to each local fire department that receives the Foreign Fire Insurance revenue through IML.

The IML has indicated that it then notifies the Illinois Department of Insurance of all amounts of tax submitted and forwards all payments to the individual jurisdictions.⁶ The Department of Insurance confirmed that it receives an annual summary report on Foreign Fire Insurance funding from the IML. The Department of Insurance also receives an annual report on the deductions insurance companies are allowed toward their premium taxes based on the amount of Foreign Fire Insurance fees paid.⁷

Individual insurance companies are responsible for identifying their policies that affect fire insurance in Illinois and determining the specific location of the insured properties in relation to the individual fire departments in the state. The CEC was unable to determine if any audits are conducted to verify that the insurance companies are complying with Illinois Compiled Statutes related to the Foreign Fire Insurance provisions, and has some concerns related to oversight for these funds at the state level.

The Springfield Fire Department received revenues of \$231,542 in 2010, \$264,759 in 2011 and \$331,649 in 2012 from the IML as a result of the Foreign Fire Insurance tax.⁸ The budgets for Fiscal Year 2013 that have been submitted to the Sangamon County Clerk by the Sangamon County fire protection districts indicate that thirteen of the twenty-nine districts have included Foreign Fire Insurance tax among their projected revenues. These thirteen districts include Athens-Fancy Prairie, Auburn, Chatham, Curran, Dawson, Divernon, Illiopolis,⁹ Pawnee, Riverton, Rochester, Sherman, Virden, and Williamsville.

⁶ Illinois Municipal League, *2012 Fire Tax Front Page*, Available at <http://firetax.impl.org/>.

⁷ Personal communication from John O'Brien, Illinois Department of Insurance (March 22, 2013).

⁸ 2010 and 2011 figures from McGladrey LLP (2013). Springfield Fire Department Foreign Fire Insurance Fund Audit.; 2012 figure from Illinois Municipal League, *Report covering Illinois State Fire Department Tax on Foreign Fire Insurance Companies, pursuant to 65ILCS 5/11-10-1, for the year ended July 1st, 2012*.

⁹ Illiopolis Foreign Fire Funds are presented as "Municipal Fund" rather than Foreign Fire Tax revenues in its FPD budget, because of the pass-through relationship with the Village of Illiopolis.



Five of these fire protection districts are listed by IML as *villages*, including Dawson, Divernon, Illiopolis, Pawnee and Williamsville. These five districts show in their 2013 budget documents that they are receiving Foreign Fire Insurance revenue. The CEC has learned that the city of Waverly and the villages of Elkhart and Illiopolis receive Foreign Fire Insurance tax revenue from the IML and pass the revenue on to the fire protection districts that include those municipalities. Therefore, there are fifteen (15) fire protection districts receiving foreign fire insurance tax revenue.¹⁰ It is not known whether the Foreign Fire Insurance revenues to these seven districts include a 2% tax on the fire portion of insurance premiums for those properties that are outside the villages and within the districts.

Based on the submitted budgets, it is presumed that the other fourteen (14) districts are not receiving Foreign Fire Insurance revenue. These fourteen (14) districts, which are also not listed in the IML Fire Department Tax Code Numbers Booklet, include:

- Eight (8) of the nine pass-through districts that contract with the City of Springfield fire department for fire protection and emergency medical services. The Curran fire protection district is the only one of the nine pass-through districts that is receiving the FFI revenue.
- Six (6) districts of the fourteen (14) not listed in the IML booklet have equipment and volunteer firefighters. These six districts are Buffalo, Island Grove, Loami, Mechanicsburg, New Berlin and Pleasant Plains.

Information regarding local Foreign Fire Insurance administration and revenues is summarized in Table 1, below (p.6). The table also provides budget 2013 revenues for all FPDs, as well as 2012 actual revenues from the Springfield Fire Department.

Based on the administrative procedures described above, the CEC's analysis indicates that many Sangamon County fire protection districts have not passed ordinances to prescribe the Foreign Fire Insurance tax rate and have not made arrangements to have the tax revenue collected.

Moreover, some fire protection districts that are currently receiving revenue through the IML may not be receiving all the revenues for which they are eligible. For instance, a district may be receiving the revenue as a result of a tax ordinance that was enacted by an agency that formerly received Foreign Fire Insurance revenues in its geographic area, such as a municipality that used to have a fire department. Based on the preceding agency's contract with IML, the revenues being collected may be account for only premiums on insurance policies that are on properties with the boundaries of the formerly collecting agency, and not on premiums throughout the geographic area of the FPD. The CEC experienced some confusion in its attempts to understand which local jurisdictions are eligible to collect and do collect Foreign Fire Insurance funding. It suggests that the ambiguity surrounding the entire process of tax collection and oversight may necessitate further review.

Given the information provided in this table and the Equalized Assessed Value of property in the various FPDs, the CEC estimates that the seventeen fire protection districts

¹⁰ Personal communication from Robert Winters, President, Village of Illiopolis (March 20, 2013), Robert Day, President, Village of Dawson (March 20, 2013), Ms. Jackson, City of Waverly (March 28, 2013), and Gail Hayden, Trustee, Elkhart FPD (March 28, 2013)..



in Sangamon County currently not collecting Foreign Fire Insurance revenues may be losing opportunity to garner approximately \$60,000-\$70,000 for local fire protection.¹¹

Figure 1: Foreign Fire Fund Status and Receipts in Sangamon County

	Maintains Equipment	Staffing Type	IML Status	2013 Revenues¹²
City of Springfield	yes	paid	city	\$331,649 (2012 figure)
Athens-Fancy Prairie FPD	yes	volunteer	district	\$4,262
Auburn FPD	yes	volunteer	district	\$3,962
Buffalo FPD	yes	volunteer	not listed	-
Chatham FPD	yes	blended	district	\$15,000
Curran FPD	no	volunteer	district	\$700
Dawson FPD	yes	volunteer	village	\$665
Divernon FPD	yes	volunteer	village	\$500
Eastside FPD	no	-	not listed	-
Elkhart FPD	yes	volunteer	village	\$2,024
Illioopolis FPD	yes	volunteer	village	\$937
Island Grove FPD	yes	volunteer	not listed	-
Lake Springfield FPD	no	-	not listed	-
Loami FPD	yes	volunteer	not listed	-
Mechanicsburg FPD	yes	volunteer	not listed	-
New Berlin FPD	yes	volunteer	not listed	-
Northside FPD	no	-	not listed	-
Pawnee FPD	yes	volunteer	village	\$3,000
Pleasant Plains FPD	yes	volunteer	not listed	-
Riverton FPD	yes	volunteer	district	\$3,000
Rochester FPD	yes	volunteer	district	\$7,000
Sherman FPD	yes	blended/volunteer	district	\$5,000
South Lawn FPR	no	-	not listed	-
South Oak Knolls FPD	no	-	not listed	-
Southside FPD	no	-	not listed	-
Virden FPD	yes	volunteer	district	\$3,500
Waverly FPD	yes	volunteer	village	\$2,264
Western FPD	no	-	not listed	-
Woodside FPD	no	-	not listed	-
Williamsville FPD	yes	volunteer	village	\$3,012

¹¹ The CEC notes that its estimates are based on comparison with current Foreign Fire Insurance revenue figures that may not take into account the insurance premiums throughout the entire area of those FPDs labeled as "villages," and therefore may be artificially low.

¹² City of Springfield Revenue figure Illinois Municipal League, *Report covering Illinois State Fire Department Tax on Foreign Fire Insurance Companies, pursuant to 65ILCS 5/11-10-1, for the year ended July 1st, 2012.*; Other districts' revenue figures are derived from FY2013 FPD budgets provided by the Sangamon County Clerk's office, with the exception of the Waverly FPD, for whom the revenue amount listed is a 2012 figure provided by the city office, and Elkhart FPD, for whom the revenue amount listed was provided by trustee Gayle Hayden and Board President Roger Bock (April 9, 2013).



Fund Use

The Foreign Fire Insurance Board (FFIB) of the Springfield Fire Department has seven members. The six annual regular meetings of the board are public meetings scheduled in the odd numbered months.¹³ The Chatham Fire Protection District is the only one of the 29 fire protection districts in Sangamon County that employs more than one full-time firefighter and is subject to a collective bargaining agreement. It also has a department Foreign Fire Insurance Board.¹⁴ In other FPDs in Sangamon County, Foreign Fire Insurance revenues are typically added to the general-use pool of funds utilized by the district. While the CEC preliminarily looked into fund use questions in Sangamon County, it notes that funds are currently being managed and used in accordance with state statute.

At various points in the state's history, Foreign Fire Insurance Fund administration and use have been matters of concern and even faced multiple legal challenges. The current structure of Illinois law provides limited mechanisms for oversight or public accountability, although the actions of a city department head that made questionable expenditures would be subject to review by the city's elected officials, who are ultimately accountable to the voting public. The practice of having appointed representatives/employees from a municipal department manage a collected tax has been challenged repeatedly, since those responsible for the fund use decisions are not elected officials. As noted above, the CEC questions the indirect nature of these accountability mechanisms. This issue has been challenged in court, but historically has withstood these challenges.¹⁵

Alternatives

Alternatives for the CEC's recommendation include:

1. Maintain the existing process of collection and distribution of the Foreign Fire Insurance tax revenues and the current procedures for spending the revenues.
2. Collect and distribute the maximum possible Foreign Fire Insurance tax revenues that could be available to fire protection entities within the county and maintain the current procedures for spending the revenues.
3. Collect and distribute the maximum possible Foreign Fire Insurance tax revenues that could be available to fire protection entities within the county, and implement a coordinated planning and budgeting process for the most efficient use of the Foreign Fire Insurance tax revenues to supplement agency-appropriated funds that are designated for fire departments.
4. Undertake a broader review of Foreign Fire Insurance tax revenues' use and administration to ensure that the use and collection/administration policies are in the best interest of the citizens of both Sangamon County and State of Illinois.

Alternative 1—maintain the status quo—would not affect the amounts of Foreign Fire Insurance revenues distributed to the fire departments and would allow the Foreign Fire Insurance Boards to continue to determine how the revenues are used without input or

¹³ Springfield Fire Department Foreign Fire Insurance Board Meeting (January 22, 2013).

¹⁴ Chatham Fire Protection District, "Boards," retrieved March 22, 2013 from www.cfd-il.com.

¹⁵ See, for example Vinzant, Carol (December 18, 1991). "Des Plaines To Fight Firefighters For Control Of Insurance." *Chicago Tribune*; or *Hoffman Estates Professional Firefighters v. Village of Hoffman Estates* (March 31, 1999).



influence from outside the department firefighters. Although this option is currently functional, the CEC has concerns that it does not garner the maximum revenues locally available for public safety in the most efficient manner possible. As described above, some fire protection districts may not be receiving funds that can be, and confusion exists related to Foreign Fire Insurance eligibility. The CEC further notes that the IML administrative fee diminishes the revenue pool available to local districts. Under this alternative, no changes would be made to the current management of the revenues.

Alternative 2—ensure maximum collection and distribution of Foreign Fire Insurance revenues—would require local FPDs who do not currently receive Foreign Fire Insurance funding to take the necessary action to establish tax levies and collect the revenues in the fire protection districts that currently are not receiving the Foreign Fire Insurance tax revenue. Some legal clarification may also be needed as to which jurisdictions are eligible to collect these funds according to state statute. This alternative would likely also require entities to conduct an audit to verify that all required documents have been enacted and to ensure that fire protection districts that are currently receiving Foreign Fire Insurance tax revenue are receiving the maximum that they are eligible to receive.

Under this alternative, local FPDs may also want to consider the possibility of locally administering Foreign Fire Insurance revenues, rather than having the IML collect the tax with a 7% administrative fee. Although there would be some costs associated with this alternative, the CEC suggests that it would be beneficial in the long term for securing maximum revenues available locally. Under this alternative, one local entity could also consider administering the fee for others in the region for a reduced administrative fee as compared to the one currently charged by the IML. A regional council of governments or local mayors' group, for instance, could serve as an intermediary or fiscal agent on behalf of local fire departments and districts.

Alternative 3—ensure maximum collection and distribution of Foreign Fire Insurance revenues and utilize revenues in a coordinated fashion—in addition to the needs and benefits detailed for Alternative 2, above, could contribute to a more unified approach to regional expenditures on fire and emergency services. In some areas, budgetary shortfalls currently exist, and more targeted use of Foreign Fire Insurance Fund revenues could contribute to alleviating these needs. A coordinated regional effort for fire protection expenditures would likely require the establishment of a working group, consisting of representatives from the City of Springfield's budget office and the Fire Department and Fire Protection Districts' Foreign Fire Insurance Boards. In such a group, a regional review of fire protection priorities and costs could occur. The group could then maximize the utility of revenues available to finance the fire protection districts' operations and improvement needs.

Although such a working group could make strides toward coordinated regional efforts, it would require time and effort necessary for coordination, and may meet with local resistance to loss of control over funds. Moreover, the revenues received outside of the City of Springfield are minimal, and the impact of such a group may not warrant its expenses. However, the CEC suggests that such collaborative effort related to fire protection and emergency medical services in Sangamon County is critical to long-term success. Foreign Fire Insurance funds should not be ignored in future examination of regional cooperative efforts.

Alternative 4—review for fire fund use and administration more broadly—would be of benefit because of the confusion surrounding current Foreign Fire Insurance policy. The



concerns about revenue maximization that exist in Sangamon County may also exist in other parts of the state. Moreover, the public policy surrounding who can receive Foreign Fire Insurance Funds and how they are to be administered is currently unclear. Because of the ambiguity related to fund administration and oversight, the CEC finds that a broader review of Foreign Fire Insurance Funding is a viable alternative.

Beyond administrative questions, the current procedures for determining how the revenues are expended are also specified in the Illinois Municipal Code and Illinois Fire Protection Act. As noted above, questions related to appropriate fund expenditure have been raised periodically in various locations throughout the state's history. Recent concerns have also been raised within the Springfield community regarding the appropriateness of public funds being solely controlled by other than publicly elected officials. Similar concerns have not been noted within the Chatham Fire Protection District. However, the CEC suggests that this process is prescribed in state statute. A statewide review is beyond the scope of its mission and research capacity, but it would suggest as part of this alternative that a body with statewide purview, such as the Illinois General Assembly, review these questions.

Recommendation

In light of this research, the CEC recommends that the Springfield Fire Department and the twenty-nine fire protection districts in Sangamon County review the provisions in the Illinois Municipal Code and the Illinois Fire Protection District Act related to Foreign Fire Insurance and take the necessary steps to ensure that revenues specified in Illinois Compiled Statute are being paid to the appropriate local agencies.

The CEC also suggests that these entities consider locally collecting and distributing foreign fire funding, rather than having it collected by the Illinois Municipal League.

The CEC further recommends that local fire protection agencies consider the use of these funds in relation to a comprehensive, and coordinated plan for regional fire protection.

Finally, the CEC recommends the Illinois General Assembly conduct a review of Foreign Fire Insurance fund policy and administrative practices beyond the scope of Sangamon County to ensure that funds are being collected and utilized in a manner that is in keeping with public policy best practice.

Potential benefits of implementing this recommendation include:

- Possible additional revenues to the local fire departments under parameters currently provided for in Illinois Compiled Statutes;
- Assurance that local governments are not disregarding revenue streams that are available for their use;
- Avoidance of need to increase local taxes for fire protection and emergency medical assistance;
- Alleviated confusion related to Foreign Fire Insurance Fund administration; and
- Potential to utilize additional revenues in future efforts toward regional coordination.

Aside from the staff time needs related to pursuing these revenues, there are few drawbacks to the CEC's recommendation of maximizing local revenues if they are already available. The process of determining jurisdictions' eligibility may require legal



review. Some concerns exist related to potential difficulties if local jurisdictions attempted to administer funds locally, rather than paying the IML an administrative fee for this purpose. As a matter of policy, Foreign Fire Insurance may require additional review beyond the CEC's mission of maximizing local revenues and utilizing them as efficiently as possible.

Steps Toward Implementation

The CEC recommends the following procedural steps toward implementation:

- Work with IML and legal counsel in both the eight pass-through fire protection districts and the nine fire protection districts that have equipment and firefighters are not receiving the Foreign Fire Insurance tax revenue to determine whether these FPDs can access the Foreign Fire Insurance Fund as a revenue base.
- Review the Foreign Fire Insurance tax levy ordinance in each department, along with the arrangements for the collection of the tax, to ensure that they are effective and up-to-date. If the ordinance is not up-to-date or does not exist, the district should take the necessary action make it current and ensure that the collection mechanism is in place.
- Consider local administration of Foreign Fire Insurance fees as opposed to IML administration, perhaps through a collaborative effort in which a larger local entity could administer funds for smaller FPDs for an administrative fee of less than the 7% required by the IML.
- Encourage a higher-level review of Foreign Fire Insurance Fund use and administration.

The Citizens' Efficiency Commission offers its support for these implementation efforts. If the CEC can provide any further assistance in facilitating efforts toward further cooperation related to regional fire protection and emergency medical services, it would be pleased to do so.

Respectively submitted,

Hon. Karen Hasara, Chair
on behalf of the
Citizen's Efficiency Commission
for Sangamon County