

**2023 SENATE INDUSTRY AND BUSINESS**

**SB 2211**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2211  
1/24/2023

A bill relating to the operations of the state fire marshal; and to provide a continuing appropriation
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2:00 PM Chairman D. Larsen called the meeting to order. Members present: Chairman D. Larsen, Vice Chairman Kessel, Senator Barta, Senator Klein, Senator Boehm.

### Discussion Topics:

- Continuing appropriation for fire districts
- Appointment of state fire marshal
- Committee action

2:00 PM Senator Weber introduced SB 2211 and testified in favor. (verbal)

2:06 PM John Godfred, Commissioner, North Dakota State Insurance Department testified in favor of SB 2211. #16338

2:21 PM John Heji, Fire Chief, Casselton, North Dakota, testified in favor of SB 2211. #16464

2:26 PM Ken Wangen, Fire Chief, Carrington, North Dakota, testified in favor of SB 2211. #16461

2:38 PM Robert Knuth, Training Director, North Dakota Firefighters Association, testified in favor of SB 2211. #16457

2:48 PM Kristi Carlson, North Dakota Farmers Union testified in favor of SB 2211. #16453

2:52 PM Matt Clark, Fire Chief, City of Williston, testified in favor of SB 2211. #16451

3:02 PM Blaine Eisenbeis, Fire Chief, Pembina, North Dakota, testified in favor of SB 2211. (verbal)

3:08 PM Stephanie Engebretson, North Dakota League of Cities and Chiefs of Police, testified in favor of SB 2211. (verbal)

3:10 PM Doug Nelson, Fire Marshall, State of North Dakota, testified neutral #16254

### Additional Written Testimony:

Darren Schimke, President, Professional Fire Fighters of North Dakota, testified in favor. #16351

3:17 PM Chairman D. Larsen closed the hearing on SB 2211.

3:18 PM Senator Klein moved to DO PASS and Refer to Appropriations SB 2211.

3:18 PM Senator Kessel seconded.

Roll Call Vote – DO PASS and Refer to Appropriations SB 2211

<b>Senators</b>	<b>Vote</b>
Senator Doug Larsen	Y
Senator Greg Kessel	Y
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Jerry Klein	Y

Motion Passed: 5-0-0

3:18 PM Senator Klein will carry the bill.

3:35 PM Chairman D. Larsen closed the meeting.

*Brenda Cook, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2211: Industry and Business Committee (Sen. Larsen, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2211 was rereferred to the Appropriations Committee. This bill does not affect workforce development.**

**2023 SENATE APPROPRIATIONS**

**SB 2211**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

SB 2211  
1/30/2023

A BILL for an Act relating to the operations of the state fire marshal and to provide a continuing appropriation
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3:30 PM Chairman Bekkedahl called the committee to order. Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, J. Roers, Schaible, Vedaa, Wanzek, Rust, and Mathern present. Senator Sorvaag absent

### Discussion Topics:

- Fire Department financial impact
- Cleanup
- Enhanced training
- Rural need

3:33 PM Jon Godfread, Commissioner, North Dakota Insurance Department, testified in favor #17843.

3:52 PM Chairman Bekkedahl assigned the bill to Appropriations Government Operations Division.

3:52 PM Chairman Bekkedahl left the hearing and appointed Senator Wanzek chair in his absence.

3:53 PM Matt Clark, Fire Chief, City of Williston, testified in favor #17956.

3:58 PM Douglas Nelson, Fire Marshall, State of North Dakota testified neutral #17847.

4:12 PM Robert Knuth, Training Director, ND Firefighters Association, testified in favor #17969.

### Additional written testimony:

Darren Schimke, President, Professional Firefighters of North Dakota, testified in favor #17614.

John Hejl, Fire Chief, Casselton, testified in favor #17849.

Rick Tischaefter, Fire Chief, Butte Rural Fire District, testified in favor #17791.

4:22 PM Chairman Wanzek closed the hearing on SB 2211.

*Dave Owen on behalf of Kathleen Hall, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

SB 2211  
1/31/2023

Relating to the operations of the state fire marshal and to provide a continuing appropriation.
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4:17 PM Chairman Wanzek called the meeting to order.  
Chairman Wanzek and Senators Erbele, Roers, Dwyer, and Vedaa were present.

### Discussion Topics:

- Insurance Regulatory Trust Fund
- Impact to General Fund
- Insurance Tax Distribution Fund

4:22 PM Stephanie Gullickson, Analyst in the ND Office of Management and Budget, provided information. (no written testimony)

4:25 PM Toby Mertz, Fiscal Analyst for Legislative Council, provided information. (no written testimony)

4:29 PM Senator Dwyer made a motion to amend line 25 on page 9 from five million to one million dollars. Senator Erbele seconded the motion. Voice vote was taken. Motion on amendment passed.

4:52 PM Senator Vedaa made a motion to recommend a DO PASS as amended to the full Appropriations Committee.  
Senator Erbele seconded the motion.

Senators	
Terry M. Wanzek	Y
Michael Dwyer	Y
Robert Erbele	Y
Jim Roers	Y
Shawn Vedaa	Y

Motion passed. 5-0-0

Senator Vedaa will carry the bill.

5:01 PM Chairman Wanzek closed the meeting.

*Carol Thompson, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

SB 2211  
2/1/2023

Relating to the operations of the state fire marshal and to provide a continuing appropriation.
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3:22 PM Chairman Wanzek called the meeting to order.  
Chairman Wanzek and Senators Erbele, Roers, Dwyer, and Vedaa were present.

### Discussion Topics:

- Salaries
- Regulatory Funds
- Amendment
- Reserve Fund

Chairman Wanzek reviewed the proposed amendment, LC 23.0726.01001.

Senator Dwyer made a motion to accept amendment LC 23.0726.01001. Senator Roers seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	N

Motion passed 4-1-0.

Senator Dwyer made a motion to recommend a DO PASS as amended to the full Appropriations Committee.

Senator Roers seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

Motion passed 5-0-0.

Senator Vedaa will carry the bill to full committee.

3:27 PM Chairman Wanzek closed the meeting.

*Carol Thompson, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations

Rough Rider Room, State Capitol

SB 2211

2/2/2023

A BILL for an Act relating to the operations of the state fire marshal and to provide a continuing appropriation

10:34 AM Chairman Bekkedahl called the meeting to order.

Present: Senators Bekkedahl, Burkhard, Davison, Dever, Dwyer, Erbele, Krebsbach, Kreun, Mathern, Meyer, Roers, Schaible, Sorvaag, Wanzek, Vedaa, and Rust.

### Discussion Topics:

- Funding
- Compatibility
- Training
- Rural volunteers
- Collateral investigations
- Stand-alone bill
- FTEs
- Fire insurance premiums
- Historical perspective

10:25 AM Senator Vedaa introduced SB 2211 and proposed amendment. LC 23.0726.01001

10:39 AM Senator Wanzek moved to adopt amendment. LC 23.0726.01001

Senator Schaible seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed. 16-0-0

10:57 AM Senator Kruen moved DO PASS as AMENDED.

Senator Burkhard seconded the motion.

<b>Senators</b>	<b>Vote</b>
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	N
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed. 15-1-0

**Senator Klein** will carry SB 2211.

10:59 AM Chairman Bekkedahl closed the meeting.

*Carol Thompson, Committee Clerk*

*DR*  
*1/31*  
*2-2-2023*

PROPOSED AMENDMENTS TO SENATE BILL NO. 2211

Page 1, line 8, remove "subsection 3 of section 26.1-01-07.1,"

Page 9, remove lines 20 through 25

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT**

This amendment removes Section 24 that would have increased the fund balance threshold to transfer funds on an annual basis from the insurance regulatory trust fund to the general fund from \$1 million to \$5 million.

**REPORT OF STANDING COMMITTEE**

**SB 2211, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed SB 2211 was placed on the Sixth order on the calendar. This bill affects workforce development.

Page 1, line 8, remove "subsection 3 of section 26.1-01-07.1,"

Page 9, remove lines 20 through 25

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT**

This amendment removes Section 24 that would have increased the fund balance threshold to transfer funds on an annual basis from the insurance regulatory trust fund to the general fund from \$1 million to \$5 million.

**2023 HOUSE INDUSTRY, BUSINESS AND LABOR**

**SB 2211**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Industry, Business and Labor Committee Room JW327C, State Capitol

SB 2211  
3/14/2023

Relating to the operations of the state fire marshal; and to provide a continuing appropriation.
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Chairman Louser called meeting to order 9:21 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

### Discussion Topics:

- Rural Fire Fighters
- Risk mediation and loss
- Safety and mitigation
- Fire resources
- Funding formula
- Fire Insurance Premium
- Fire Marshal position
- ISO rating
- Arson reporting

### In Favor:

Senator Mark Weber, District 22, Casselton, ND (no written testimony)

Jon Godfread, Commissioner, ND Insurance Department, #24501

Ken Wangen, Fire Chief of Carrington Fire and Rescue/President, ND Fire Chiefs Association, #24319

John Hejl, Fire Chief, Casselton ND, #25212

Robert Knuth, Training Director, ND Firefighter's Association, #25213

Kristi Carlson Schlosser, ND Farmers Union, and Insurance Company, #24626

Stephanie Dassinger Engebretson, ND League of Cities (no written testimony)

### Neutral:

Doug Nelson, State Fire Marshall, Office of the ND Attorney General, #24500

Representative Koppelman moved do pass and re-refer to appropriations.

Representative Thomas seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y

Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 14-0-0

Representative Warrey will carry the bill.

Chairman Louser adjourned the meeting 10:53

*Diane Lillis, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2211, as engrossed: Industry, Business and Labor Committee (Rep. Louser, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2211 was rereferred to the Appropriations Committee.**

**2023 HOUSE APPROPRIATIONS**

**SB 2211**

# 2023 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Brynhild Haugland Room, State Capitol

SB 2211  
3/23/2023

Relating to the operations of the state fire marshal; and to provide a continuing appropriation.
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**9:22 AM Chairman Vigesaa** Called the meeting to order and roll call was taken-

**All Members Present;** Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

**Discussion Topics:**

- Moving Fire Marshals from Attorney General to Insurance Commission
- Request 4 FTEs

**Representative Louser-** Introduces the bill and its purpose.

**Rachel Kriege, Administrative Division Director Insurance Department-** Answers questions for the committee

**Additional written testimony:** Jon Godfread- Insurance Commissioner #26419

**9:37 AM Chairman Vigesaa** Closed the meeting for SB 2211

*Risa Berube, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Brynhild Haugland Room, State Capitol

SB 2211  
4/3/2023

Relating to the operations of the state fire marshal; and to provide a continuing appropriation.
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**10:57 AM Chairman Vigesaa** Called the meeting to order and roll call was taken-

**All Members Present;** Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Meier, Representative Mock, Representative Mitskog Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

### Discussion Topics:

- **Committee Action**

**Chairman Vigesaa** Opens discussion.

**Representative Pyle** Move a Do Pass

**Representative Monson** Seconds the Motion

**Jon Godfread- Insurance Commissioner** – Clarifies for the committee.

Committee discussion- Roll call vote;

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	A
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y

Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

**Motion Carries 22-0-1 Representative Warrey will carry the bill.**

**11:10 AM Chairman Vigesaa** Closed the meeting for SB 2211

*Risa Berube, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2211, as engrossed: Appropriations Committee (Rep. Vigesaa, Chairman)**  
recommends **DO PASS** (22 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).  
Engrossed SB 2211 was placed on the Fourteenth order on the calendar.

**TESTIMONY**

**SB 2211**



Drew H. Wrigley  
ATTORNEY GENERAL

STATE OF NORTH DAKOTA  
**OFFICE OF ATTORNEY GENERAL**  
www.attorneygeneral.nd.gov  
(701) 328-2210

State Fire Marshal  
1720 Burlington Dr., Ste. B  
Bismarck, ND 58504  
(701) 328-5555

January 24, 2023

To the Honorable Senator Doug Larsen, Chairman of the Senate Industry, Business and Labor Committee, and Committee members,

I appear before you today to testify in a neutral standpoint for Senate Bill 2211. The Office of the Attorney General supports the important mission of the State Fire Marshal Division and the division's proper alignment within state government as determined by the Legislative Assembly.

To give the committee some background, the State Fire Marshal Division is responsible for public education; fire prevention and safety inspections; reviews of new construction plans for fuel tanks, fire protection systems, and related items; and fire investigations. These tasks are related to community risk reduction, addressing State liability related to safety hazards of fire, and minimizing impacts from fire losses.

The State Fire Marshal Division consists of eight full-time employees and one part-time temporary administrative assistant. Our five Deputy Fire Marshal positions are spread throughout the State to cover large geographic regions from offices out of Bismarck, Dickinson, Minot, Grand Forks and Fargo.

Senate Bill 2211 introduces the realignment of the State Fire Marshal Division with the Insurance Department and would return to where the Division was originally created and operated out of. The fire service and the insurance industry have a long and intertwined history in the United States. The first fire companies in the United States were often funded by insurance coverage on losses. The relationship still exists today, as the higher rated fire service that is provided within a community by their fire department, greatly affects the insurance premiums that are paid by the public. We are one of three states who are annexed with their Attorney General's Office. Many are with their Insurance Department's or have standalone offices.

The State Fire Marshals Division already conducts multiple programs in collaboration with the Insurance Department such as; fire department certificate of existence, fire insurance tax premium distribution, property insurance loss reporting, fire prevention and safety inspections for buildings covered under the fire and tornado insurance fund and reporting of insurance fraud discovered through fire investigations.

I would like to point out that fire origin and cause investigation is not and should not be confused with arson investigation. Fire investigation is a primary duty of fire departments to reduce fires, while arson is a crime that is investigated and prosecuted by law enforcement. All fires in North Dakota are required to be investigated, not only for a criminal element, but to ensure that the State Fire Marshal and local fire authorities are preventing every fire possible. The first and most critical step in fire prevention is fire investigation. Approximately, only 10% of all fires in

North Dakota are reported to be incendiary, or have a criminal aspect. While the State Fire Marshals Division cares greatly that the 10% are investigated and prosecuted, we also need to know what is causing the other 90% of our fires, and ensuring that we are addressing all fire causes, which can affect fire losses and insurance rates within the State. I have had many great fire investigation instructors in my career, and one that sticks with me would always say that the “best arson prosecutions are when the fire service and law enforcement work together to provide an expert fire origin and cause opinion from the fire side, and expert criminal investigation on the law enforcement side.” This is further reflected in the proposed changes in Section 18-01-09 where the Bureau of Criminal Investigation is being added in to ensure the teamwork concept is in place in any suspected situation of arson.

Our current collaboration efforts would remain the same as outlined in the bill with the Bureau of Criminal Investigation, and the State Fire Marshal shall report all suspected cases of arson to the Bureau of Criminal Investigation. This relationship between the State Fire Marshal Division and the Bureau of Criminal Investigation is strong and supported by internal directives to ensure that the two divisions continue to work together to ensure that fire crimes are properly investigated and prosecuted. The proposed language better defines the relationship than currently written.

The State Fire Marshals Division works outside of our silo on a regular basis with other agencies and divisions that have a shared responsibility or area of concern. Other partner agencies and divisions that the division works with include but are not limited to: Department of Health and Human Services (DHHS) Food and Lodging Division, DHHS Life Safety and Construction, DHHS Children and Family Services, the Department of Environmental Quality (DEQ) Petroleum Release Remediation Fund Program, DEQ Division of Municipal Facilities, the Department of Emergency Services, the Department of Forestry Fire Management Division, and the North Dakota Firefighters Association. Working with other agencies and divisions outside of our own is a strength of the State Fire Marshals Division.

The State Fire Marshal and the North Dakota Firefighters Association (NDFA) have a long and strong relationship of working together as well. This is highlighted by combining efforts to help address fire prevention training available to fire departments, and working together at fire school in Minot every year. The proposed change to sub-section 8 under 18-03-01.1 would require the NDFA to “report quarterly to the state fire marshal”. The Insurance Department, NDFA and the State Fire Marshal have talked through this and all parties are comfortable with the proposed language and changes.

All other proposed changes under Senate Bill 2211 that affect the State Fire Marshal are simply changing Attorney General to Insurance Commissioner and have no ill effects to the operations of the State Fire Marshal Division.

The State Fire Marshal Division’s workload has greatly increased in the areas of plan review of new construction and impactful inspections that help local fire departments. Renewed focus on ensuring that fire safety risks are identified, addressed and remedied, is a close relationship with the Insurance Department’s focus on lowering risk to insureds and insurance providers within the State.

The proposed realignment of the State Fire Marshals Division under the Insurance Department is one that makes sense for all parties involved and allows the Division to continue to work with all partners in fire prevention.

I would like to thank you for the time to address the committee today.

Respectfully,

Douglas Nelson  
ND State Fire Marshal

**SENATE BILL NO. 2211**

**Presented by:**        **Jon Godfread**  
                              **Insurance Commissioner**  
                              **North Dakota Insurance Department**

**Before:**                **Senate Industry and Business Committee**  
                              **Senator Doug Larsen, Chairman**

**Date:**                  **January 24, 2023**

Good morning, Chairman Larsen and members of the Committee. For the record, my name is Jon Godfread, Insurance Commissioner. I stand before you today in support of Senate Bill 2211, which is a policy bill whose idea was brought forth by the fire chiefs and fire service.

Much of what Senate Bill 2211 does is realigns the State Fire Marshal's Office with the Insurance Department. The statutory requirements of the State Fire Marshal are already in line with what we do at the Insurance Department. This move to the Insurance Department would allow the State Fire Marshal to focus on what they are obligated to do under Century Code at an elevated level, which is to prevent fires, suppress arson, oversee combustibles, explosives, fire alarms, fire extinguishing equipment, and educate the citizens of North Dakota on the hazards of fire. These requirements align with risk mitigation and the prevention of loss, which are closely related to the insurance industry.

During the 1967 Legislative Session, State Fire Marshal Vance Arneson testified in support of HB 757 to move the State Fire Marshal's Office from the Insurance Department to the Attorney General's office due to the criminal nature of what they were doing for the state at that time and to gain access to legal counsel. From what we've gathered, this move back in the 60s was to focus on arson investigations and create collaboration with the Bureau of Criminal Investigations, which also resulted in a move away from the other duties involving prevention, safety, and education.

A lot has changed in the over 55 years since this change was made. Building codes have been enacted and the regulations on combustibles and explosives have strengthened, all in the name of

safety and preventing fatalities. While the need for arson investigations is still there, it is now a smaller fraction of what the State Fire Marshal does. Since being elected in 2016, I've worked to modernize and create greater efficiency in the institutions I'm involved in. This is a move that will do both, without compromising our commitment to serving and protecting North Dakotans.

This bill, while aligning the Fire Marshal and Fire Service with true safety, prevention, and mitigation, also further strengthens the collaboration between the Bureau of Criminal Investigation. As you will see on page 2, lines 1 through 3, it is clear these processes remain the same and any arson or incendiary crime will still be reported to BCI. Fire and law enforcement will continue to share a collaborative and cooperative arrangement, this bill further solidifies those efforts.

This move will allow us to focus on the many other equally important requirements that the State Fire Marshal is responsible for, including risk mitigation, fire prevention and education, all of which has an impact on our insurance marketplace. We would not be here if we did not believe this would be the best move for the Fire Marshal's office, the Fire Service, and the State of North Dakota. This bill would place the Fire Marshal's office back into an agency that provides support and resources for 90% of its duties. The law enforcement collaboration is only a tenth of the State Fire Marshal's operations.

Another major component of this bill is the need for the continuing appropriation for the fire districts. Funding for fire departments and fire districts comes from a couple of different sources (property taxes, benefits, etc.) but a significant portion of the funding has come from the insurance premium tax. The Department collects the premium tax and from that, the Legislature appropriates an amount up to 100% of the fire insurance premium tax revenue collected. This is essentially a pass-through fund, whereby we collect the tax and pass that collection on to the fire districts. This fund was a continuing appropriation from 1887 – 1985. Since 1985, funding to the fire districts has fluctuated between 101% of the funds to as low as 48% of the funds available. Senate Bill 2211 is asking that the continuing appropriation be restored; this ensures that the dollars that are intended to go to the fire districts are going to the fire districts. The average consumer likely knows that a portion of their homeowner's insurance premiums goes to

funding fire departments. What they do not know is that a portion of those dollars are being put back into the general fund, roughly 40 million dollars over the last 40 years.

Our consumers are being double or triple hit, once on their homeowner's premiums, again on their property tax, and then again by participating in various benefits put on by fire departments to cover their costs. I've come before the legislature for the last two sessions asking you to rectify this disparity and this is by far the most productive suggestion from the fire departments. The continuing appropriation is instrumental in providing the necessary gear and equipment to properly protect the public and the firefighters themselves.

I have said time and time again, we are one tragedy away from being forced into fixing this issue. I firmly believe if a volunteer firefighter were to lose his or her life while on a call, this body would act and restore the funding that should be going to the fire service. We do not need to wait for tragedy to strike, we need to give our local fire departments the resources they need and the tools they require to protect our property and our communities by utilizing the funds that are supposed to be designated for them. At the very least, the continuing appropriation in this bill ensures that money collected on behalf of the fire service, actually goes to the fire service, this is something we should support. To reiterate, over the past 40 years, money has been going into the general fund that was collected for fire service and should have been going to fire service. SB 2211 corrects this wrong and restores the funding that was always meant to go to the fire service.

On top of immediate threats inherent in the fire service, there is another looming problem within the fire service and that is an increased rate of cancer among fire service personnel, something that happens over the long-term. Cancer rates among fire service personnel are increasing, generally because of the carcinogens they are exposed to while performing their duties. Proper equipment, proper cleaning, and more protective equipment is shown to lower that risk. In North Dakota our fire districts are often volunteer led, and without enough of the necessary equipment, or without properly maintaining the equipment, we are not supporting the volunteers to the extent that they deserve. Let's get them the protective equipment they need to keep themselves safe while they're keeping us safe and mitigate this exposure to our state.

In addition to the State Fire Marshal move, and continuing appropriation for the fire districts, Senate Bill 2211 introduces language to pay a flat amount to the North Dakota Firefighter's Association (NDFFA) from the Insurance Regulatory Trust Fund, or our special fund, instead of the Fire Insurance Tax Distribution Fund. When I have brought this before this body in the past, the reporting and oversight for the NDFFA has often been the main reason as to why a continuing appropriation could not be passed. With SB 2211, the NDFFA will be working in concert with the State Fire Marshal and will be giving the State Fire Marshal quarterly reports, this maintains the autonomy the NDFFA has earned and deserves, while providing the State Fire Marshal with the responsibility of oversight and reporting.

This would allow all dollars that are collected on behalf of the fire districts to go only to the fire districts. The State Marshal is the glue to bring all these components together to be successful. The oversight of NDFFA from the State Fire Marshal helps this state grow and develop the fire service while having peace of mind of the funds you all allocate to NDFFA. NDFFA President Rob Knuth is here today to talk more about NDFFA so you all know and can understand the importance NDFFA has for rural communities and what this flat appropriation helps them achieve.

Lastly, I wanted to address any potential sticker shock of the fiscal note. Much of what the fiscal note does is move general fund dollars to other funds, or our special fund, the Insurance Regulatory Trust Fund. There is a positive net calculation for this purpose. It's not just moving the budget from the Attorney General's Office to the Insurance Department. We are committed to investing into the State Fire Marshal and giving his office the resources, they need to effectively administer their duties. We will be requesting 4 additional FTEs for the Fire Marshal which results in an increase in salary, fringe, and operating costs. The Fire Marshal has not received an additional FTE for 40 years, despite significant growth in the state during that timeframe. Because of this, there are many areas of our state that are underserved by the core functions of the Fire Marshal's Office.

I want to remind this body that although the fiscal note may look hefty, any funds we don't use do get turned back to the general fund. Finally, the fiscal note does address the need to increase the Insurance Regulatory Trust Fund reserve from 1 million to 5 million due to the shift of the

Fire Marshal. Many of these fiscal topics will likely be debated in the appropriations committee if this bill gets re-referred to them. Today, you are being asked to review the policy decision of moving the State Fire Marshal back into the Insurance Department, supporting the policy behind the continuing appropriation and an independent appropriation to the NDFA. The specific dollar amounts will be determined by the appropriations committee.

I did want to make it clear this move is strongly supported by my office, many in the industry, and the fire service. I would also like to remind this committee, that this idea was brought to me by the Fire Service, we have worked closely over the past 7 years to develop an idea that would be supported by the fire service and ultimately successful with the legislative body. SB 2211 is the result of many conversations with all the stakeholders including the Attorney General, the Fire Chiefs, the Fire Fighter's Association, the cities, the counties, law enforcement, and just about anyone who would listen to me talk. All have met this idea with approval and support for our efforts. I can assure you; we have looked at this idea to try and find the negative impacts, it's our impression that this is truly positive for all involved.

We look forward to expanding our relationship with Fire Marshal Nelson and his team in the Fire Marshal's Office, and we will continue to advocate for the necessary resources they need to carry out their statutory duties. The relationship between the fire service and the insurance industry is one that goes all the way back to the beginning of our great state. The insurance industry understands, probably better than most, that we all benefit from a strong fire service. It is for these reasons we stand in support of SB 2211 and encourage you and all your colleagues to do the same.

Mr. Chairman and members of the committee, thank you for the time to present today, there are many more behind me to expand on these points, but I am happy to answer any questions you might have.



# North Dakota Insurance Department

Safeguarding Promises. Fostering Fairness.  
Jon Godfread, Commissioner



## Background

When North Dakotans call 9-1-1 because of a fire, it's expected that a team from their local fire department will swiftly tend to the flames and secure the property as much as possible. Ensuring North Dakota's fire departments are prepared and equipped for when the call comes in, should be a priority.

The North Dakota Fire Marshal's office is tasked with reducing the risk of fires in a variety of buildings and environments. Additionally, the Fire Marshal and staff investigate cases of arson, which oftentimes is driven by insurance payouts. This work, similar to insurance, is to protect and support individuals when the unexpected happens.

The Department administers the Insurance Tax Distribution Fund which provides millions of dollars in funding to fire departments across the state. This money is used for more training, equipment and more, which can lower property insurance premiums and ISO ratings.

To create a more efficient state government and improved safety for North Dakotans, the Fire Marshal's office would be best served within the Insurance Department.

Primary shared roles of the Insurance Department & Fire Marshal are to mitigate risks and prepare for the unexpected. This move would provide greater efficiency to better serve and respond to North Dakota communities, large and small.

### Joel Boespflug Bismarck Fire Chief

"The closer partnership of agencies involved in the coordination of fire training, fire investigations and fire prevention can create synergies to help communities improve their Insurance Services Office (ISO) Community Fire Protection Rating."

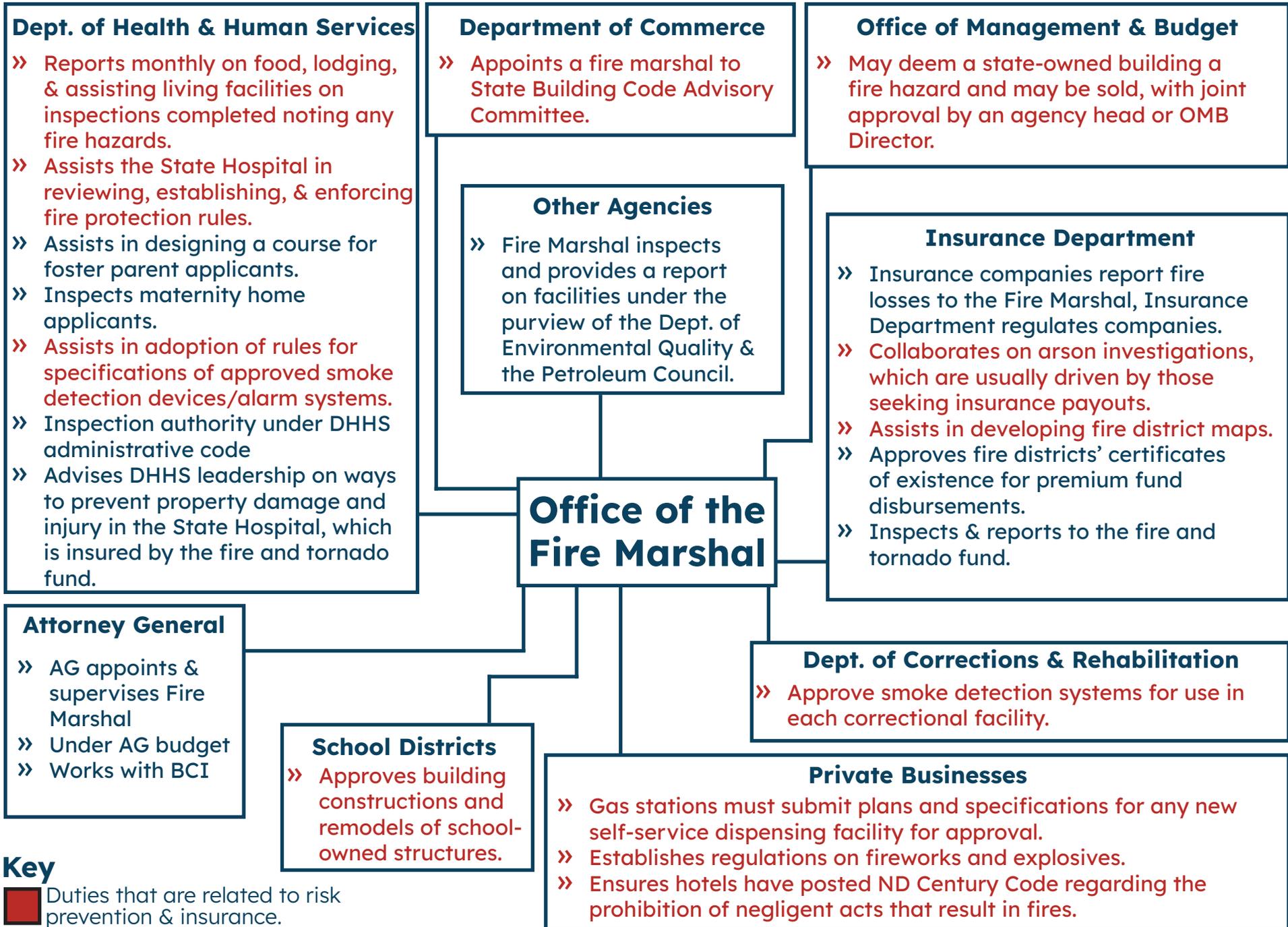
### Rob Knuth NDFCA Training Director

"The North Dakota Firefighter's Association supports the initiative to unite with the ND State Fire Marshal's office under the ND Insurance Department. The State Fire Marshal provides departments fire prevention, inspection, and investigative services while the ND Firefighter's Association provides training and certifications. Both entities' goal is to improve the capabilities and readiness of the fire departments in the state."

### Ken Wangen NDFCA President & Carrington Fire Chief

"It makes too much sense. We've been looking for this in a long time. From a fire department's standpoint, fire departments are tasked with life and property, in that order. The way we achieve that is through education. From a volunteer standpoint, it costs money. Equipment costs have done nothing but go up. Getting ongoing appropriations of premium tax is extremely helpful. Funding the NDFCA is a premier priority."





# Responsibilities of the State Fire Marshal



## Connections to the Insurance Department

- » Prevent fires which risk property damage, injury, and fatalities.
- » Regulate fire alarms and fire safety precautions in public facilities, which can lower NDIRF premiums for policyholders.
- » Regulate storage, sale, and use of combustibles and explosives.
- » Educate North Dakotans on fire hazards.



## Connections to the Attorney General Office

- » Suppress arson and investigate causes and origin of fires.

# Professional Fire Fighters of North Dakota

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Darren Schimke, President | 218-779-4122 | [dschimke@wiktel.com](mailto:dschimke@wiktel.com)

1/24/2023

Senate Industry and Business Committee

Re: Support of SB 2211

Mr. Chairman and members of the Industry and Business Committee.

My name is Darren Schimke, President of the Professional Fire Fighters of North Dakota representing nearly 400 professional firefighters across our great state. We appreciate the opportunity to provide testimony in support of SB 2211.

In light of the proposed amendments and new language contained within SB 2211, it appears to us that this bill clearly defines what is already taking place, the State Fire Marshal Division working with the Insurance Department. Additionally, we also recognize the importance, and the already existing relationship, that the State Fire Marshal Division has with the Bureau of Criminal Investigation.

The State Fire Marshal Division has working relationships with many other agencies. One that is very important to us is with the North Dakota Firefighters Association (NDFA). The training that is provided through this relationship to fire departments across our state, allow firefighters to do their job as safe as possible. To perform their job safely not only requires proper training, but also requires up to date personal protective equipment and firefighting equipment. That is why the funding contained within SB 2211, that goes back to the individual departments, is key to their success in accomplishing their fire ground objectives safely and protecting the citizens of North Dakota. In today's world, any increase that assists the funding for training and equipment is drastically necessary.

Thank you for this opportunity to demonstrate our support with SB 2211.

Darren Schimke



January 24<sup>th</sup>, 2023

North Dakota Firefighters Association  
North Dakota State Fire Marshal's Office

RE: Support for SB-2211

Chairman and Committee Members

I am Matt Clark, Fire Chief for the City of Williston, Williston Fire Department. I also represent the Williston Volunteer Fire Department. On behalf of our department, I stand before you in support of SB 2211.

In 2014 the Williston Fire Department and Williston Volunteer Fire Department began expansion efforts to meet the growing emergency service needs of the Bakken Oil Field and our neighboring communities. Our department transitioned from 32 staff in 2014 to 120 staff in 2022. Our personnel expansion was mirrored by our facilities and emergency apparatus, transitioning from one fire station to four. These efforts were driven by our emergency and public service calls for service. Our region has been impacted by an annual rise in call volume, with 2022 being our highest year to date, with over 5200 calls for service.

Expanding our department and services would not be possible without our partnerships with the North Dakota State Fire Marshal's Office and the North Dakota Firefighter's Association. These agencies have directly supported our community and will continue to do so with the support of SB 2211. Our department's Fire Inspection Division now works with the State Fire Marshals office to ensure minimum life safety compliance for all inspectable buildings within our jurisdiction. Our community has adopted the 2021 International Fire Code per the

recommendation of the Fire Marshall and has adopted a local ordinance to assist with compliance.

The growth of our Fire Inspections Division has led to an improved rating through the Insurance Services Office from an ISO 5/8b to an ISO 2 classification. This rating reduces overall insurance premium rates for our communities. The Fire Marshal's office has also helped our department establish our fire investigation program. This program has developed four fire investigators for our department and ensures structured investigation procedures are followed following an incident.

The North Dakota Firefighters Association has served as the regulatory certification body for our staff. Through our partnership with the NDFA, our department has established minimum training requirements for all personnel and has trained local members to serve as certification evaluators for our region. The NDFA provides continuous support through facilities, training props, and lesson plans. The continued support of the NDFA and its transition will help expand the services they offer and will continue to support the training efforts of our department.

The Williston Volunteer Fire Department has been our department's primary recipient of the Insurance Premium Tax. This funding has been used to offset the cost of staffing to ensure our department meets the National Fire Protection Association minimum staffing levels for emergency response. The tax distribution has compensated operational expenses for command vehicles and equipment. Additionally, this funding helped establish a regional training facility for the northwest region of North Dakota. This training facility has been the host to over 60,000 hours of emergency service training and 14 out-of-state certification programs and is routinely used for Department of Emergency Services training.

All our department's efforts would not have been possible without the direct support of the State Fire Marshal's office and the North Dakota Firefighters Association. We believe SB 2211 will continue to build upon these efforts and improve emergency services across the state. I want to thank you for your time and for the chance to speak with you. I would welcome any questions you may have.

Matthew J. Clark  
Fire Chief, Williston Fire Department  
of our department.



## SB 2211

Testimony before the Senate Industry and Business Committee  
January 25, 2023  
Support

I am Kristi Schlosser Carlson, and I represent North Dakota Farmers Union, Farmers Union Insurance Company, a domestic insurer, and Farmers Union Service Association, a general insurance agency. Our members and employees are involved in their local communities in many ways, including serving as volunteer firefighters and fire chiefs.

We support SB 2211.

In particular, we support providing a continuing appropriation from the insurance tax distribution fund for the purpose of funding fire departments and fire protection districts. We know that improved equipment and education of and by fire districts and fire departments not only enhance vital services for our communities and protect lives, but also can lower our policyholders' premiums. Insurance companies determine rates based in part on the risk of fire to a property, and the mitigating impact of a fire department able to respond; insurance companies use fire protection classes to reflect that analysis. Most insurers rely on ISO's Property Protection Classification system to determine fire protection classes, which is based on a variety of factors including the quality of a community's fire department, its water supply, and its emergency communications. For example, a fire department can submit evidence for ISO's evaluation, and ISO weighs the department's equipment, staffing, training, and geographic deployment. It also factors in a community's fire prevention, public fire education, and fire investigation efforts.

In sum, the insurance premium tax is intended to fund fire departments and fire districts because better fire protection mitigates fire risk, protects our communities, and leads to lower premiums.

In addition, we are encouraged by the opportunity that could be realized by moving the Fire Marshal to the Insurance Department in encouraging fire districts and fire departments to take steps to reduce fire protection classes that result in premium decreases.

We invite a Do Pass on SB 2211.



North Dakota Firefighter's Association  
1502 Grumman Lane, Suite 2

Bismarck, ND 58504

Phone: (701) 222-2799  
Fax: (701) 222-2899

[www.ndfa.net](http://www.ndfa.net)

January 24th, 2023

Senate Industry and Business Committee

RE: Support for SB-2211

Chairman Larsen and Members of the Industry and Business Committee

I am Robert Knuth, Training Director of the North Dakota Firefighter's Association. I stand before you in support of SB 2211.

The ND Firefighter's Association is dedicated to meeting the needs of a complex and dynamic fire service by providing programs of the highest quality. The ND Firefighter's Association's objectives and goals are: (1) to provide training programs designed to develop the basic and advanced skills necessary for students to be more influential members of the fire service and society; (2) to provide the best instruction and training possible in all areas of the fire service; (3) to serve the public at large by providing education services, training, and progression counseling; and (4) to provide a means to allow firefighters to demonstrate their ability to meet professional qualification standards.

The ND Firefighter's Association was first organized in Dakota Territory on June 4, 1884. In 1893 the North Dakota Legislature appropriated funds to promote the improvement and growth of an Association of Volunteer Firemen (S. L. 1893, Ch.65). The North Dakota Firemen's Association was incorporated on January 20, 1901.

The ND Firefighter's Association is identified in Century Code, Chapter 18-03-01.1. It states that the association shall: (1) develop and adopt a statewide fire education and training plan; (2) coordinate fire service training at all levels; and (3) establish procedures to govern the certification process for firefighter training.

Approximately 6,000 first responders are trained annually by the ND Firefighter's Association's cadre of adjunct instructors from fire departments throughout the state. Although most of the students are members of the 360+ fire departments in the state, many come from other states and the private sector. Currently, the ND Firefighter's Association offers a broad array of fire-related courses ranging from entry-level to advanced management for chief officers. In addition to fire suppression classes, there are courses in various technical rescue, hazardous materials, terrorist response, and instructor qualifications. The ND Firefighter's Association also provides courses in specialized training through partnerships with the Federal Emergency Management Agency and the National Fire Academy. Classes are conducted throughout the state, as well as online. Some larger fire departments with their own local academies request to use the specialized burn props through the ND Firefighter's Association for the most realistic training experience possible.

The National Board on Fire Service Professional Qualifications accredits the ND Firefighter's Association's certification programs.

In addition to assisting the fire department's ability to provide qualified emergency responders, the ND Firefighter's Association's efforts also directly benefit the state's citizens regarding their insurance costs. The cost of fire insurance for a local area is often based on the rating provided by the Insurance Services Organization (ISO). Much of that rating decision relies on the ability of the fire department to provide an adequate response with fire suppression capabilities, and training records are reviewed in the grading process.

The North Dakota Firefighter's Association's funding comes from numerous sources. Member departments pay annual dues of \$100.00 a year, and we also receive funds from donations from time to time. However, our two most significant funding sources currently are the Insurance Tax Distribution Fund, which accounts for approximately 43% of our budget, and federal and state-level grants. These grants are competitive, and we must apply for them months before they may be awarded. The outcome of a competitive awarding process is not predetermined. These funds are dedicated to the proposed project and cannot be used to fund other items within our budget. ND Firefighter's Association also goes through the extra steps to ensure that the grants we apply for do not adversely affect any grant opportunity to any fire departments in the state. Finally, these grants are reimbursable. We must spend the money and then apply for reimbursement from the grant source.

The ND Firefighter's Association's end-of-year expenditures for the last three years have been \$1,331,274.40 (2020), \$862,987.99 (2021), and \$856,994.03 (2022). As you can see, the pandemic and a decrease in grant awards have recently limited our activities. Still, we have already seen more requests to provide firefighter training and certification testing in 2023 compared to previous years, as the service is returning to pre-pandemic normalcy.

SB 2211 identifies a change in funding source for the ND Firefighter's Association from the Insurance Tax Distribution to the Insurance Regulatory Fund. This change will benefit all fire departments in the state by returning the vital funds they provide from their operational budgets to the association while still allowing us to train and certify firefighters at no cost. This increase in their budgets will allow them to improve their abilities to provide emergency services to their citizens and hopefully will enable them to decrease their ISO rating, which may benefit their communities.

Along with continuing to provide our member departments training and certification, this change in funding source will also allow the ND Firefighter's Association to have a more stable budget moving forward and will enable the association to build better programs to stay at the front of the ever-changing fire service technical advances making the North Dakota fire service an effective, safe, and reliable member of emergency services.

I thank you for the opportunity to present this testimony to you today and would welcome the opportunity to answer any questions you may have.

Robert Knuth, Training Director  
North Dakota Firefighter's Association

## Chairman and Committee Members

I am Ken Wangen Fire Chief for Carrington Volunteer Fire and Rescue and President of the North Dakota Fire Chiefs Association. I stand before you in support of SB 2211.

To give you a little background

I have been involved in Emergency Services since my teen years living in Goodrich ND but officially started my Volunteer Career with Killdeer Area Ambulance as a EMT and West Dunn Fire Protection District as a Firefighter in the early 90's. I carried on my volunteer service in both EMS and Fire when my family and I moved to Carrington 2001. In 2012 I was elected Fire Chief of Carrington Volunteer Fire and Rescue and in 2017 hung up my EMT and EMS Career (figuring 26 years was enough), but before the year was out obtained my EMR accreditation so I really did not retire from EMS duties.

Carrington Volunteer Fire and Rescue has 40 volunteer members that respond to an average of 60-70 calls a year. Our service area consists of approx. 530 square miles as primary Fire Protection and 960 square miles as primary Rescue and Extrication. Our members to be considered in good standing are required to have a minimum of 12 hours training per year (the department at a minimum offers 24 hours a year and averages closer to 50 with local classes offered by the NDFA) and be a minimum of CPR Certified. We also budget for 8 fire fighters a year to attend the State Fire School in Minot. We currently have 5 EMR's and 1 Paramedic on our roster. Those same people volunteer hours to attend business meeting, trainings, do truck checks, host celebration events within the city, maintain and clean trucks, provide instruction to our public schools 2 times a year to promote Fire and General Safety, work with our local Law Enforcement for National Night Out and Shop with a Hero (in some places known as shop with a cop), fund raising for the department and once a year host a benefit for someone local in need.

In my 22 years as a member of Carrington Fire and Rescue we have had search and rescues of varying nature (water recovery, overland search, Auto Extrication and Bin Rescue) with both positive and negative outcomes. For fires I am sad to say we have had fatalities due to fire and more than our share of arson cases. Along with that we have had incidents of Hazardous Material spills with multiple car train derailments in 2019 and 2020. We have had good saves of life, buildings, and property thankfully too many to list. Our volunteers, as do all Firefighters in the state need a wide array of training to properly service our protection areas. And our equipment must be constantly evaluated, repaired and or updated. Keep in mind we do this as volunteers with many other draws of our time.

We operate with 5 mil tax from the City of Carrington, Protection Contracts to the 13 surrounding townships, the Fire Insurance Premium Tax, Grants, Donations, reimbursement for service of extended time and Fund Raisers.

### 1. To give you an idea of cost we forecast in the coming years

- a. Replacement Pumper minimum \$500,000 without equipment, additional equipment \$200,000
- b. SIRM Radio Upgrade \$98,000 with approximately \$36,000 returned through State reimbursement
- c. Turnout replacement approx. \$3,000-4,000 per firefighter (10-year cycle)
- d. Upgrading to more efficient lights inside the fire hall at a cost of \$10,000 with a reimbursement of 50% through a federal grant.

Last session I served as VP of the North Dakota Fire Chiefs Association and was involved in the discussions that lead to the current agreement of the Fire Insurance Premium Tax Fund (a tax started to help Fire Departments in 1887). While the return of funds gathered in the name of the Fire Service has looked much better lately it is not completely ideal. While we understand that accountability and conversation is always needed. In that respect we have met every expectation and requirement set forth by the legislature (Certificate of Existence registration, Fire Premium Tax Fund usage reporting and Fire Reporting) this bill does nothing to change that those conversations happen in the future but would allow the focus to shift.

## SB2211

Good Afternoon, My Name is John Hejl and I am the fire chief in Casselton ND.

Casselton Fire is 100% volunteer. We cover an area of 385 sq miles – 12 townships and the cities of Casselton and Amenia or 5000 ND residents as primary fire. That area almost doubles to 745 for Extrication. Beyond Emergency services Fire departments across the state also put on fire extinguisher demonstrations, fire safety classes, give tours to our youth, and are the authority having jurisdiction for fire inspections and occupancy permits. It is busy, it's a lot. But we signed up for this.

Volunteer and Career departments across the state pull funding from a variety of sources; grants, taxes, general funds of cities and townships, and all too often donations and fundraisers. Those funding sources should mirror their uses. Career or volunteer, metro or rural you will be hard pressed to find two identical departments. At Casselton Fire roughly 1/3 of our call volume comes from Casselton, 1/3 from our rural addresses, and 1/3 from Interstate 94 of which we cover 33 Miles; from Mapleton to Tower City. If we only covered Casselton we would focus spending on Engines and Ladders. If we only covered rural areas we would focus on Grass Rigs and Tankers. The Interstate and the State Highways that run through our area make us also focus on extrication and dealing with hazardous situations and substances that would otherwise not be an issue in our area. Our funding structure follows this call volume and equipment needs matrix in that the city contract is 1/3, our townships and Amenia are 1/3, and our state insurance rebate is 1/3 of our budget.

Once again, 1/3 of Casselton Fire Department's annual budget comes from our state insurance rebate. We have come to rely on the insurance fund money not because we want it, but because we need it. Each biennium we lobby for a continuing appropriation as we have to decide if we can purchase what we need or if we will have to wait, unsure of the funding we will receive.

As volunteer responders in Casselton we are not asking for insurance rebate funds for a pay increase, but rather to provide current/safe tools, apparatus, and PPE for our firefighters.

To help quantify the things I listed at the beginning of this speech. In 2021 Casselton fire spent 621 hours and 15 minutes on emergency scenes. In 2022 it was 569 hours and 19 minutes. That is only time spent on scene. For each hour spent on scene add an additional 3 hours of "department time"; drive time to and from emergencies, time spent after getting apparatus and tools ready for service, add Classroom and training time, business meetings, public education, building inspections, daycare and school tours, city and township meetings and speaking here today... the list goes on.

Our time is limited as firefighters and needs to be spent on these things. Please make our insurance rebate a continuing appropriation so that we can do so in a safe manner with current tools and PPE.

Thank You

John Hejl  
Chief, CFD

# Professional Fire Fighters of North Dakota

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Darren Schimke, President | 218-779-4122 | [dschimke@wiktel.com](mailto:dschimke@wiktel.com)

1/30/2023

Senate Appropriations Committee

Re: Support of SB 2211

Mr. Chairman and members of the Appropriations Committee.

My name is Darren Schimke, President of the Professional Fire Fighters of North Dakota representing nearly 400 professional firefighters across our great state. We appreciate the opportunity to provide testimony in support of SB 2211.

In light of the proposed amendments and new language contained within SB 2211, it appears to us that this bill clearly defines what is already taking place, the State Fire Marshal Division working with the Insurance Department. Additionally, we also recognize the importance, and the already existing relationship, that the State Fire Marshal Division has with the Bureau of Criminal Investigation.

The State Fire Marshal Division has working relationships with many other agencies. One that is very important to us is with the North Dakota Firefighters Association (NDFA). The training that is provided through this relationship to fire departments across our state, allow firefighters to do their job as safe as possible. To perform their job safely not only requires proper training, but also requires up to date personal protective equipment and firefighting equipment. That is why the funding contained within SB 2211, that goes back to the individual departments, is key to their success in accomplishing their fire ground objectives safely and protecting the citizens of North Dakota. In today's world, any increase that assists the funding for training and equipment is drastically necessary.

Thank you for this opportunity to demonstrate our support with SB 2211.

Darren Schimke

Butte Rural Fire Protection District  
PO Box 232  
Butte, North Dakota 58723

January 30, 2023

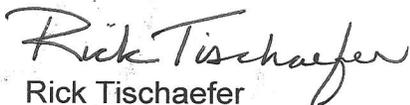
Mr. Chairman and distinguished members of the Senate Appropriations Committee,

My name is Rick Tischaefter and I have been the Fire Chief and Secretary/Treasurer for the Butte Rural Fire Protection District since 2006. Butte Rural Fire Protection District provides service to North Dakotans and their property in three counties; encompasses 285 square miles of real estate; two communities; one recreational area; and approximately 182,000 acres of mostly dedicated agricultural property with extensive farming operations, equipment, and farmsteads. The Butte Rural Fire Protection District also serves as a Mutual Aid partner to Velva, Drake, McClusky, Mercer, Turtle Lake, Max, and the US Fish and Wildlife Service. The men and women that serve the Butte Rural Fire Protection District are the finest volunteers in North Dakota.

Butte Rural Fire Protection District is 100% volunteer and funded in part with a district mil levy. Serving our district as Chief and Secretary/Treasurer has provided much experience on how actions by the State Fire Marshal's Office and the North Dakota Insurance Department effect our district. It is positive and profound. The information and actions included in Senate Bill 2211 will greatly increase the effectiveness of both agencies, thereby providing even greater customer service to the fire service community in North Dakota.

I am asking that you continue to support the positive actions included in Senate Bill 2211, encourage your fellow legislators to do the same, and take the necessary action to move this legislation to the Governor for signature.

Respectfully,



Rick Tischaefter  
Chief and Secretary/Treasurer  
Butte Rural Fire Protection District

**SENATE BILL NO. 2211**

**Presented by:**        **Jon Godfread**  
                              **Insurance Commissioner**  
                              **North Dakota Insurance Department**

**Before:**                **Senate Appropriations**  
                              **Senator Brad Bekkedahl, Chairman**

**Date:**                 **January 30, 2023**

Good afternoon, Chairman Bekkedahl and members of the Committee. For the record, my name is Jon Godfread, Insurance Commissioner. I stand before you today in support of Senate Bill 2211, which is an idea that was brought forth by the fire chiefs and fire service.

Much of what Senate Bill 2211 does is realigns the State Fire Marshal's Office with the Insurance Department. The statutory requirements of the State Fire Marshal are already in line with what we do at the Insurance Department. This move to the Insurance Department would allow the State Fire Marshal to focus on what they are obligated to do under Century Code at an elevated level, which is to prevent fires, suppress arson, oversee combustibles, explosives, fire alarms, fire extinguishing equipment, and educate the citizens of North Dakota on the hazards of fire.

There are four main appropriation items included in SB 2211:

1. Increasing the reserve for the Insurance Regulatory Trust Fund from \$1M to \$5M
2. Restoring the Continuing Appropriation for the Fire Districts
3. A flat appropriation from the Insurance Regulatory Trust Fund of \$2.4M for the North Dakota Firefighter Association
4. Restoring the State Fire Marshal in the Insurance Department, shifting the funding to the Insurance Regulatory Trust Fund, and providing the necessary resources so they can achieve accreditation.

**Insurance Regulatory Trust Fund Reserve (page 9, Section 24):**

The first item I will discuss is the increase in the reserve for Insurance Regulatory Trust Fund, which as you know is the special fund that provides funding for Insurance Department operations. Currently, any dollars over \$1M that are collected into the Insurance Regulatory Trust Fund are then transferred to the General Fund. Last biennium we turned back an additional \$10M from this fund, after we covered our salaries and operating.

In 1987 a reserve target of \$2M was adopted by the 50<sup>th</sup> Legislative Assembly, and in 1993 it was reduced to \$1.5M by the 53<sup>rd</sup> Legislative Assembly, and again reduced in 1999 to \$1M by the 56<sup>th</sup> Legislative Assembly. With moving the State Fire Marshal to our office and the significant turnback we have had over the past decade, a \$5M reserve would provide us with a proper reserve to prevent any deficiency appropriations in the future. The \$5M reserve is significantly lower than what we have found in other like special funds, such as the funds to operate Game and Fish, which has a \$15M reserve. This biennium we've turned back 12 million to the General Fund, and if SB 2211 is approved as submitted, we will still be turning back 3.42 million estimated to the General Fund next biennium. The Insurance Regulatory Trust Fund has the capacity to absorb the additional investment into Fire Marshals Office, a direct appropriation to the North Dakota Fire Fighters Association and still turn back money to the General Fund. This move makes fiscal sense and still allows the flow of excess special funds to the General Fund while allowing us the proper reserve to protect against any future issues.

**Continuing Appropriation for Fire Districts (page 6, sections 13&14):**

Another major component of this bill is the need for a continuing appropriation for the tax monies collected on behalf of the fire districts. Funding for fire departments and fire districts comes from a couple of different sources (property taxes, benefits, etc.) but a significant portion of the funding has come from the insurance premium tax. The Department collects the premium tax and from that, the Legislature appropriates an amount up to 100% of the fire insurance premium tax revenue collected. This is essentially a pass-through fund, whereby we collect the tax and pass that collection on to the fire districts. This fund had a continuing appropriation from 1887 – 1985. Since 1985, funding to the fire districts has fluctuated between 101% of the funds to as low as 48% of the funds available. Senate Bill 2211 is asking that the continuing

appropriation be restored; ensuring that the dollars that are intended to go to the fire districts actually go to the fire districts. The average consumer likely knows that a portion of their homeowner's insurance premiums goes to funding fire departments. What they do not know is that a portion of those dollars are being diverted into the General Fund, roughly \$40M over the last 40 years. This biennium, we projected that an additional 1.63 million was transferred to the General Fund instead of going to the Fire Districts.

This move simply restores this critical funding stream for our local fire districts. I know there is at least one Fire Chief who is planning on testifying to this portion and they can much better outline the needs for the fire service than I can. What I can tell you is the demand for service has continued to increase, many of those in the fire service in North Dakota are volunteer based and this change does not request an increase of new dollars to the fire service, it is simply restoring the funding stream that is collected and paid in support of the fire service.

**North Dakota Fire Fighters Association Appropriation (page 5, Section 11):**

Senate Bill 2211 introduces language to pay a flat amount to the North Dakota Firefighter's Association (NDFFA) from the Insurance Regulatory Trust Fund, instead of from the Fire Insurance Tax Distribution Fund. Traditionally a portion of the Fire Insurance Tax Distribution was appropriated to the NDFFA. This resulted in a reduction of funds going to the Fire Districts and was especially harder on the more urban departments that do not utilize the NDFFA for training services. Currently, 94.5% of the insurance premium tax collected for the fire service goes to the Fire Districts and 5.5% would go to the NDFFA. For example, in the 2021-23 biennium, the total amount appropriated from the Insurance Fire Tax Distribution Fund was \$20,728,540, of that 94.5% (\$19,588,470) went to the fire districts and 5.5% (\$1,140,070) went to the NDFFA.

When I have brought the idea of the continuing appropriation before this body in the past, the reporting and oversight for the NDFFA has often been one of the reasons cited for maintaining the biennial appropriation. With SB 2211, the NDFFA will be working in concert with the State Fire Marshal and will be required to give the State Fire Marshal quarterly reports. This both

maintains the autonomy the NDFA has earned and deserves, while providing the State Fire Marshal with the responsibility of oversight and reporting.

Last biennium the NDFA received \$1.14M from the Fire Insurance Tax Distribution Fund, SB 2211 is requesting \$2.4M to come from the Insurance Regulatory Trust Fund.. The State Marshal is the glue to bring all these components together to be successful. The oversight of NDFA from the State Fire Marshal helps this state grow and develop the fire service while having peace of mind regarding the funds you all allocate to NDFA. NDFA President Rob Knuth is here today to talk more about NDFA so you all know and can understand the importance NDFA has for rural communities and what this flat appropriation helps them achieve.

**Restoring the State Fire Marshal in the Insurance Department:**

The initial Fire Marshal budget from the Attorney General’s Office totaled \$2.16M and was made up of a combination of both General Funds (\$887,685) and Special Funds (\$1,275,214). Fire Marshal Nelson is here and will testify more to this point, but we are requesting 4 additional FTEs for the Fire Marshal which results in an increase in salary, fringe, and operating costs. The Fire Marshal has not received an additional FTE for 40 years, despite significant growth in the state during that timeframe. Because of this, there are many areas of our state that are underserved by the core functions of the Fire Marshal’s Office. The total requested appropriation for the Fire Marshal is \$3,370,000. This number does not include any equity or compensation packages from the governor.

This is a necessary investment for our State Fire Marshal to earn national accreditation. Currently, our State Fire Marshal’s Office does not hold any accreditations, Accreditation for state fire marshals’ offices is typically provided by the American National Standards Institute (ANSI) and the Commission on Fire Accreditation International (CFAI). The accreditation programs help to ensure that the state fire marshal’s offices have the necessary resources, personnel, training, and equipment to meet the needs of their jurisdiction. The standards for accreditation are in part created by the Organization of Scientific Area Committees for Forensic Science (OSAC). The OSAC was established by the National Institute of Standards and Technology (NIST) in 2013, to develop and promote the use of national standards and guidelines

in the forensic science community. A critical duty of the state fire marshal is fire investigations and cause and origin of all fires in our state, accreditation of our state Fire Marshals Office is important.

The accreditation process ensures that the State Fire Marshall's Office has implemented and maintains the highest standards for fire investigations. This accreditation is critically important for several reasons.

1. **Quality Assurance:** OSAC standards provide a framework for ensuring that fire investigations units have implemented and maintained proper management and technical procedures. This helps ensure that the results of fire investigations are accurate, reliable and scientifically sound, all of which are critical in the courtroom.
2. **Professionalism:** OSAC accreditation demonstrates that a fire investigation unit is committed to providing professional and competent services to criminal justice agencies, such as our Bureau of Criminal Investigation.
3. **Consistency:** OSAC Standards help to ensure that fire investigation units across the country are using consistent and appropriate methods for conducting fire investigations. This helps ensure that investigations are conducted in a fair, unbiased manner, regardless of location.
4. **Credibility:** OSAC accreditation provides a level of credibility and recognition that a fire investigation has met or exceeded national standards.
5. **Competitive Advantage:** Accreditation is more and more becoming a requirement for grants or other funding opportunities, and it can also help the fire investigation unit attract the necessary talent to join the Fire Marshals Office.

Additional performance measures will likely require additional funding for training, case reviews, and other needs. These necessary investments accomplish the goal of being accredited and having a common set of performance measures to be utilized by all Fire Investigation Units, and supported by the court system, enabling the State Fire Marshal to minimize the risk exposure of inadequate fire investigations.

We understand that we are asking for additional investment into our State Fire Marshal, and we believe with 4 additional FTEs and additional operating dollars our state Fire Marshal will be well on the way to receiving accreditation.

Our ask for the Fire Marshal is a total appropriation of \$3.37M. This is an increase of funds by \$1,207,101 from the budget submitted by the Attorney General for the State Fire Marshal.

Lastly, I wanted to walk through the fiscal note attached to this bill. For 2023, you will see a reduction of General Fund Revenues by \$4M, which is to account for the increase in the Insurance Regulatory Trust Fund Reserve moving from a \$1M reserve to a \$5M reserve.

Next, you will see an increase in expenditures from other funds (Insurance Regulatory Trust Fund) of \$1,207,101. This is the portion of the budget from the State Fire Marshals Office from the Attorney General, which is their special fund portion of their submitted budget.

You will also see a reduction in appropriations from the General Fund, which accounts for the \$887,685 previously funded from the Attorney Generals General Fund Budget.

Finally, you will see a negative appropriation from the other funds line. This is largely due to restoring the continuing appropriation for the fire districts. Moving to a continuing appropriation removes this line item from our budget. We arrived at this number by adding in the \$2.4M for the NDFA, the additional \$1.2M for investing into our State Fire Marshal and subtracting out the \$19.5M continuing appropriation for the fire districts. This results in showing a reduced appropriation of \$15,981,369. But, again most of that is purely a budgetary shift of moving the fire district funding to a continuing appropriation.

To recap, much of what the fiscal note does is move General Fund dollars to other funds, or our special fund, the Insurance Regulatory Trust Fund. There is a positive net expenditure calculation for this purpose. It's not just moving the budget from the Attorney General's Office to the Insurance Department. We are committed to investing in the State Fire Marshal and giving the office the resources, they need to effectively administer their duties.

SB 2211 is the result of many conversations with all the stakeholders including the Attorney General, the Fire Chiefs, the Fire Fighter's Association, the cities, the counties, law enforcement, and just about anyone who would listen to me talk. All have met this idea with approval and support for our efforts. I can assure you; we have looked at this idea to try and find the negative impacts and it's our impression that this is truly positive for all involved.

I am very supportive of SB 2211. I think over the past 40 years the fire service has made a significant contribution to the finances of the state to the tune of approximately \$40M directly to General Fund. We are not asking for those dollars back, but I think it has come time to allow all monies collected for fire service to be allocated to fire service. I know this body will be tasked with balancing the budget, dealing with several critically important asks and ultimately will need to tell some groups no or not this year. The Fire Service has waited for over 40 years for the continuing appropriation to be restored, the Fire Marshal has not received a significant change in staffing or resources in over 30 years, the Fire Service has waited in line, have been responsible, patient, and have responded to the call as our state has changed dramatically in size and complexity. I would argue that the fire service has paid their dues, has contributed to the General Fund directly for the past 40 years, and now has brought forward an idea that will provide some investment into the fire service at a time when it is getting more challenging to recruit and retain volunteer fire fighters and at a time when calls for service have continued to increase.

Our state has changed significantly over the past 40 years, as have many areas of government and even the fire service. SB 2211 recognizes those changes and brings the state investment into our fire service to a level we should all be proud of. I urge you, when balancing the needs of the state and determining where to appropriate the money that you approve SB 2211 as presented. Our fire service has done their part and I hope this body recognizes the opportunity you have to help the state do our part.

We look forward to expanding our relationship with Fire Marshal Nelson and his team in the Fire Marshal's Office, and we will continue to advocate for the necessary resources they need to carry

out their statutory duties. The relationship between the fire service and the insurance industry is one that goes all the way back to the beginning of our great state. The insurance industry understands, probably better than most, that we all benefit from a strong fire service. It is for these reasons we stand in support of SB 2211 and encourage you and all your colleagues to do the same.

Mr. Chairman and members of the committee, thank you for the time to present today, there are many more behind me to expand on these points, but I am happy to answer any questions you might have.



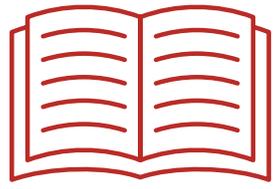
# North Dakota Insurance Department

Safeguarding Promises. Fostering Fairness.  
Jon Godfread, Commissioner



## Senate Bill 2211 Fact Sheet

### Fire Marshal Duties and Responsibilities



Public Education



Fire Safety & Prevention



Review Construction Plans & Systems



Fire Investigations

### Proposed FTEs

**8**

Current FTEs

**4**

Proposed additional FTEs

- » 3 new Deputy Fire Marshals located in Devils Lake, Jamestown and Williston.
- » 1 new Chief Deputy Fire Marshal

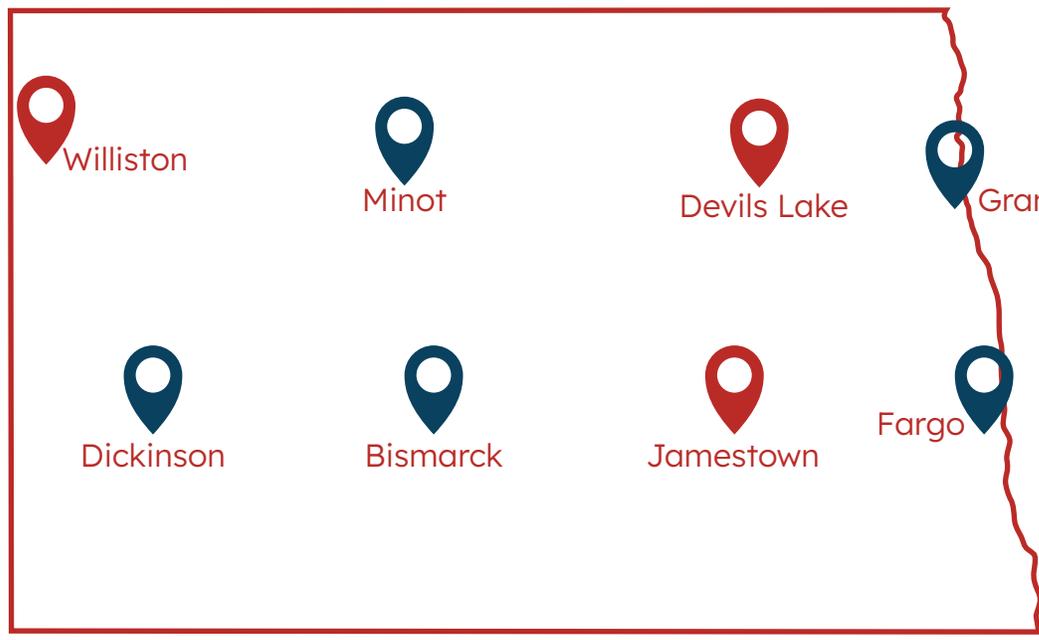
### NDFA Funding

SB 2211 increases funding to the North Dakota Firefighter's Association (NDFA).

**\$1.14**  
million  
2021-2023  
biennium

**\$2.4**  
million  
2023-2025  
biennium

### Fire Marshal Offices



- Existing Deputy Fire Marshal offices
- Proposed additional Deputy Fire Marshal offices

## 2023-2025 **Submitted** Attorney General Budget

Appropriated funds come from the General Fund (GF) and Special Funds (SF)

GF Salaries	\$ 779,228
GF Operating <b>+</b>	\$ 108,457
	<b>\$ 887,685</b>
SF Salaries	\$ 1.018 million
SF Operating <b>+</b>	\$ 256,637
	<b>\$ 1.275 million</b>

Total Fire Marshal budget submitted by the Attorney General: **\$2.162 million**

## 2023-2025 Insurance Commissioner's Fire Marshal **Proposal**

Appropriated funds come from Special Funds

Salaries & Benefits	\$ 2.636 million
Operating <b>+</b>	\$ 733,216
	<b>\$ 3.37 million</b>

2023-2025 Estimated General Fund **Turnback**  
**\$3.42 million**

## By the Numbers

In 2022, fire districts and departments received tax distribution payments appropriated by the Legislature. This shows what districts received in 2022 without the continuing appropriation and what would have been received with a continuing appropriation.

Fire District	Without Cont. Approp.	With Cont. Approp.	Difference
Crosby Rural	\$ 23,305.96	\$ 27,440.81	\$ 4,134.85
Ellendale	\$ 36,068.87	\$ 42,468.06	\$ 6,399.19
Fargo	\$ 944,533.56	\$ 1,112,108.64	\$ 167,575.08
Flasher Rural	\$ 17,877.36	\$ 21,049.09	\$ 3,171.73
Grand Forks	\$ 429,946.97	\$ 506,226.32	\$ 76,279.35
Grandin Rural	\$ 24,713.40	\$ 29,097.95	\$ 4,384.55
Jamestown	\$ 134,740.33	\$ 158,645.38	\$ 23,905.05
Jamestown Rural	\$ 88,278.04	\$ 103,939.96	\$ 15,661.92
LaMoure	\$ 10,212.22	\$ 12,024.02	\$ 1,811.80
LaMoure Rural	\$ 36,277.79	\$ 42,714.04	\$ 6,436.25
Minot	\$ 394,987.20	\$ 465,064.13	\$ 70,076.93
Minot Rural	\$ 83,672.80	\$ 98,517.67	\$ 14,844.87
Oakes	\$ 69,702.24	\$ 82,068.51	\$ 12,366.27
Towner	\$ 7,420.00	\$ 8,736.42	\$ 1,316.42
Towner Fire Protection	\$ 9,376.09	\$ 11,039.56	\$ 1,663.47
Velva	\$ 8,020.00	\$ 9,442.88	\$ 1,422.88
Velva Fire Protection	\$ 17,815.50	\$ 20,976.25	\$ 3,160.75
West Fargo	\$ 229,284.31	\$ 269,962.95	\$ 40,678.64
West Fargo Rural	\$ 92,341.77	\$ 108,724.65	\$ 16,382.88
Williston	\$ 219,189.68	\$ 258,077.37	\$ 38,887.69
Williston Rural	\$ 71,040.34	\$ 83,644.02	\$ 12,603.68
Wishek Fire Protection	\$ 18,066.42	\$ 21,271.69	\$ 3,205.27



NORTH DAKOTA STATE FIRE MARSHAL  
1720 Burlington Dr. Suite B  
Bismarck, ND 58504

January 30, 2023

To the Honorable Senator Brad Bekkedahl, Chairman of the Senate Appropriations Committee, and Committee members,

I appear before you today to testify to the budget request by the Insurance Department on behalf of the State Fire Marshal Division under the proposed move under Senate Bill 2211.

To give the committee some background, the State Fire Marshal Division is responsible for public education; fire prevention and safety inspections; reviews of new construction plans for fuel tanks, fire protection systems, and related items; and fire investigations. These tasks are related to community risk reduction, addressing State liability related to safety hazards of fire, and minimizing impacts from fire losses.

The State Fire Marshal Division currently consists of eight full-time employees and one part-time temporary administrative assistant. Our five Deputy Fire Marshal positions are spread throughout the State to cover large geographic regions from offices out of Bismarck, Dickinson, Minot, Grand Forks and Fargo.

Included in the budget request for the State Fire Marshal Division are four additional Full-Time Equivalent (FTE) positions. The greatest resource of any State Agency is personnel. It is here that our division is lacking the ability to review all plans submitted, conduct and report on all fire investigations as requested, and develop public education or community risk reduction initiatives. To further define why these FTE's are necessary please consider the following points:

- The State Fire Marshals Division has not increased in FTE's since prior to 1988.
- Requests have been made in the 2019, 2021 and 2023 budget planning processes to correct this issue, and have not been carried forward.
- The State Fire Marshals Division has gone from investigating approximately 60-70 fires annually to upwards of 120 in recent years. This is nearly double the workload.
- The quality of work on fire investigations is clear and demonstrable as well. Our reports have gone from bare details, opinion based, and rarely over three pages, to reports full of detail, fact and data based conclusions, and often over twenty pages in length. The point being that not only have our requests for investigations increased, but the time required to complete them to the level of quality necessary has also increased greatly.
- The State Fire Marshals Division records anywhere from 20-40 fire tips every year. Fire tips are our records of when a fire chief reports a fire to us, but does not request our assistance with the investigation. This can be due to many factors, but often it is related to not having a Deputy Fire Marshal close enough to the area of the State, and our response taking too long for the fire chief to wait. This is a failure to meet the needs of local fire departments that are often looking for further or faster assistance that our division can't give them with our current personnel.

- The State Fire Marshals Division has begun enforcing code on new construction plan reviews of fire protection systems, above-ground fuel storage tanks, and other buildings or items as requested by local fire departments. This has caused our plan review numbers to go from approximately 20 projects annually to 120 projects in 2021. Each plan review includes time reviewing codes, communicating with contractors, and final inspections on-site when staffing allows.
- Fire Inspection levels have remained relatively stable, but our division has added the service of assistance to local fire departments through complaints, complex buildings, or other situations where they request our help with fire code inspection and code enforcement.
- Due to the level of staffing and workload that fire investigations, plans review, and fire inspections require, our division is unable to offer or sustain any public education or community risk reduction programs at this time.
- Deputy Fire Marshals cover districts of 10-11 counties. Currently, there are three markets/areas that Deputy Fire Marshals cannot get to quickly, or focus efforts on, which are holes in our service area. These are the cities and surrounding areas of Devils Lake, Jamestown and Williston. Fire Chiefs in and around these areas have voiced support for Deputy Fire Marshals to be added. See current and proposed DFM District Maps attached.

Other items and risks that Deputy Fire Marshals lack time to address or institute: assistance/information to lowering ISO ratings, fireworks assistance or inspections program, plan review of new childcare licenses, hazardous materials assistance or inspections program, accreditation as a fire investigation unit or fire prevention organization, and assistance with all fires we are contacted for. Adding four additional staff would allow us staffing to correct and address the issues stated.

If the additional four FTE's were appropriated for the State Fire Marshals Division, we do have a plan in place and work identified to ensure they are utilized effectively and efficiently. Three of the FTE's would be used to fill our service holes in Devils Lake, Jamestown and Williston. These areas already average approximately 17 fire investigations requested per year, 30 fire inspections a year, and 10 plan reviews a year. All of this work is already existing without a Deputy Fire Marshal within 1-2 hours of the areas.

The fourth FTE being requested is a second Chief Deputy Fire Marshal to supervise, manage, train, and ensure quality control of work products. Typical effective span of control for the fire service is 3-7. With the addition of FTE's this would bring the number of Deputy Fire Marshals from 5, to 8. Supervision of eight personnel is difficult for one supervisor when all staff are in the same physical location. However, when those positions are spread throughout the State and located up to 4 hours away, this adds travel time and additional barriers to communication.

The Chief Deputy Fire Marshal position is responsible for quality control. Industry standard requires that every fire investigation receive a technical review to ensure it follows established scientific principles and guidelines. This is a time-consuming process, especially as new Deputy Fire Marshals are trained on the fire investigation and reporting process. The position is also responsible to oversee, coordinate and ensure that all plan reviews (and subsequent inspections) are conducted and correctly documented. This process often involves supervision to ensure that codes are being enforced uniformly across the State and at times requires multiple meetings between our office, contractors and building designers. This also is time consuming, especially as we train new Deputy Fire Marshals in the process.

Part of supervision is spending time with employees and actually over-seeing their work. Our current Chief Deputy Fire Marshal schedules ride-alongs twice a year with the Deputy Fire Marshals that she oversees. We also strive to make it to one to two fire investigations with each Deputy Fire Marshal annually. This is done to ensure we understand what is being run into in the field, and to verify the level of quality of our investigations. These are commitments to ensuring the professional development of our staff and effective supervision, but are difficult to accomplish with the number of Deputy Fire Marshals supervised and the statewide locations they are in. Two Chief Deputy Fire Marshals (one additional) would allow them to focus on developing Deputy Fire Marshal careers, which we often have to recruit and hire individuals with little experience or background, ensuring quality control is in place and work with them, even at a distance, regularly.

The State Fire Marshals Division, if appropriated this second Chief Deputy Fire Marshal, would be in a location that would split the State and ensure the most efficient supervision and division operations possible.

The State Fire Marshals Division does not hold a vision of endless additional Deputy Fire Marshals. Eight Deputy Fire Marshals is all that is planned for to cover our basic response requirements and would help meet the needs of the division and State. With the additional FTE's being requested, part of our focus would be to expand our public education and training (in partnership with the North Dakota Firefighters Association), so that more fire prevention could be done at the local level by trained local fire chiefs and firefighters. This would help ensure that we do not have to continue adding Deputy Fire Marshals, and keep our focus of empowering local fire departments through fire prevention. Continuing our State's focus on local control and empowerment.

Also included in this budget request for the State Fire Marshal are additional operating funds. These funds are being requested to cover a myriad of items that include but are not limited to: specialized fire investigation equipment, vehicles to carry specialized equipment, training and certification of staff, educational support, bench/field testing of possible fire causes, fire reporting software, personal protective equipment, software for fire inspections and database, and office equipment.

One item that the division currently does not have either the staffing or operational budget to undertake is accreditation. In it's April 2021 report, the Organization of Scientific Area Committees (OSAC) - Fire and Explosion Subcommittee noted that, "accreditation will become the norm in fire investigation units. In some jurisdictions now, public and private laboratories that are not accredited are prevented from participating in the criminal justice system". Current staffing levels would make this an insurmountable task to undertake. However, with the additional FTE's and operational budget, the North Dakota State Fire Marshals Division could pursue and achieve accreditation, remaining on the forefront of the forensic science of fire investigation.

Some of the additional operational budget costs are attributed to any additional FTE's appropriated, and would be initial investments in new Deputy Fire Marshal positions. There are start up costs associated with any FTE, but Deputy Fire Marshals have a physical, hazardous job that requires a number of specialized equipment items and safety gear. The approximate costs can currently approach \$20,000.00, and with supply backlogs and inflation, these numbers are only increasing.

- \$3,500.00 for initial set of personal protective equipment
- \$3,500.00 for back up set of personal protective equipment after completion of probation

- Deputy Fire Marshals regularly run to multiple fires in the same week or within days. Each set of gear must be cleaned and decontaminated before going to the next scene.
- \$3,500.00 for vehicle topper and tool tray to carry and protect equipment
- \$1,000.00 for uniforms
- \$1,500.00 for four gas monitor
- \$2,000.00 for small tools for fire investigation (shovels, evidence containers, tool box, containers for smaller tools, contractor bags, rakes, etc.)
- \$5,000.00 for fire gear extractor to decontaminate personal protective equipment

The State Fire Marshal Divisions operating budget was reduced from \$694,513.00 in 2019-2021 to \$365,094.00 in the 2023-2025 biennium, roughly a 45% decrease. This reduced budget made it difficult or impossible to: outfit all fire investigation vehicles with equipment, invest in new technologies that aid in fire investigations, complete necessary trainings for new Deputy Fire Marshals, purchase all necessary personal protective equipment, purchase necessary uniform materials, provide fire safety materials to local fire departments, purchase hazardous materials identification software, and contribute or take-over the Emergency Reporting Software Contract shared with the Department of Forestry. Currently the division is approximately 20% over our appropriated budget, even though we have been very cautious with our spending as noted.

The State Fire Marshals Division has not increased in FTE's for many years, workload has more than doubled in the last ten years, we don't have enough personnel to help local fire departments, and significant investment has not been maintained towards the division. Work already exists and is waiting for these positions to be appropriated. The State Fire Marshal does not have a vision of endless growth, but we do need a minimum staffing level to effectively help the State's local fire departments.

Under SB 2211, the State Fire Marshals Division would be transferred from the Attorney Generals Office, to the Insurance Department. Now is the time to bring the State Fire Marshals Division up to speed, invest in our State resources, so that we can further spread that influence to local fire departments, resulting in the fire service of North Dakota rising higher for the benefit of our State's great citizens.

I would like to thank you for the time to address the committee today.

Respectfully,

Douglas Nelson  
ND State Fire Marshal

SB 2211  
Senate Appropriations Committee

Chairman Holmberg and Members of the Appropriations Committee

My name is John Hejl; I am the fire chief in Casselton, ND, and I am writing this letter in support of SB 2211.

Each year roughly 1/3 of Casselton Fire Department's budget is comprised of our state insurance rebate. I say roughly because in some years in the past we have not received 100% of our fire insurance premium tax revenue collected. The low point was 48% of these funds collected being paid out to fire departments. This tax revenue has been explained to me as a pass-through fund, whereby the state collects the tax and passes that collection on to the fire departments. This fund was a continuing appropriation from 1887 – 1985. Since 1985, funding to the fire departments has fluctuated between 101% of the funds to as low as the aforementioned 48% of the funds available. These funds are used by fire departments to keep citizens safe and to lower their insurance premiums through the ISO rating system. Senate Bill 2211 is asking that the continuing appropriation be restored; this ensures that the dollars that are intended to go to the fire departments are going to those departments.

The past uncertainty in our funding from the fire insurance premium and the fact that it is not yet a continuing appropriation makes it all the more difficult for Casselton Fire and many other fire departments throughout the state to properly budget, plan for, and meet our current and future needs. As an example; currently at Casselton Fire we are waiting to place an order for a rescue truck to replace our current rescue that is a 1991 model. Like many other industries, the longer we wait, the more expensive materials and labor become and the further our build dates get pushed out. We are waiting because we do not know if we will be receiving 100% of this funding source or any number less for the next two years. We have put in the time to spec many different options for this apparatus to meet the needs of our citizens, but will not be able to make a final purchase order until the legislature has decided at what level and for how long our funding will be.

Please recommend a do pass for SB 2211 so that we as a fire service can have a little more certainty in our budgeting process for our personnel, apparatus, tool, PPE, and training needs.

Mr. Chairman and members of the committee, thank you for the opportunity to submit this testimony in support of SB2211. I welcome any questions you might have

John Hejl  
Chief, Casselton Fire Department  
701-238-3734  
Johnhejl32@gmail.com



January 30<sup>th</sup>, 2023

North Dakota Firefighters Association  
North Dakota State Fire Marshal's Office

RE: Support for SB-2211

Chairman and Committee Members

I am Matt Clark, Fire Chief for the City of Williston, Williston Fire Department. I also represent the Williston Volunteer Fire Department. On behalf of our department, I stand before you in support of SB 2211 and to discuss the financial impacts facing emergency services in North Dakota.

Our state's emergency services are facing unprecedented service costs and continually rising call volumes. The northwest region of North Dakota has continued to see annual calls for service increases of over ten percent. This past year our department saw an increase of 18 percent. Our call volume increased from 4,400 calls for service in 2021 to 5,200 calls for service in 2022. To meet the emergency service needs of communities, fire departments must have adequate staffing, equipment, and training. These requirements come at a cost and drastically impact the financial needs of fire departments around the state.

Inflation rates for fire service equipment range from five to 15 percent annually. To meet National Fire Protection Association and the Insurance Service Office's standards, it is upwards of \$30,000 per firefighter to outfit them with the required personal protective equipment. For a reference point, our department increased from 32 total staff to 120 staff over the last eight years

to meet the needs of our region. Additionally, this equipment must be replaced every ten years due to degradation and replacement standards.

The cost of fire apparatus continues to climb with semi-annual increases from most manufacturers. A 1-million-dollar price tag accompanies most fire apparatus. This is coupled with 36-month build times due to supply chain issues. Fire departments must order apparatus in advance and anticipate equipment lead times. The associated costs for services are necessary to meet our community needs and ensure our personnel have the appropriate safety equipment when responding to emergencies.

The need to meet minimum National Fire Protection Association standards comes as a benefit to fire departments and the communities they serve. Our region has seen the direct impact of improved efficiency and services based on our department's improvements. Our response times have reduced, our operational efficiency has improved, our property loss versus saved ratios have improved, and our overall rating from the Insurance Service Office improved from an ISO Class 5/8b to an ISO 2. This reduces the general insurance premiums for our residents and establishes the minimum fire protection measures available to our community.

Our department is an example of continued growth in our state and the need to support secured funding mechanisms for operational and capital expenses for emergency services. The complete return of the Insurance Premium Tax to fire departments, along with the efforts of the North Dakota Firefighters Association and the State Fire Marshal's office, will help our department adapt and continue to provide the level of service our communities deserve.

Matthew J. Clark

Fire Chief, Williston Fire Department  
of our department.



North Dakota Firefighter's Association  
1502 Grumman Lane, Suite 2

Bismarck, ND 58504

Phone: (701) 222-2799  
Fax: (701) 222-2899

[www.ndfa.net](http://www.ndfa.net)

January 24th, 2023

Senate Appropriations Committee

RE: Support for SB-2211

Chairman Bekkedahl, and Members of the Senate Appropriations Committee

I am Robert Knuth, Training Director of the North Dakota Firefighter's Association. I stand before you in support of SB 2211.

The ND Firefighter's Association is dedicated to meeting the needs of a complex and dynamic fire service by providing programs of the highest quality. The ND Firefighter's Association's objectives and goals are: (1) to provide training programs designed to develop the basic and advanced skills necessary for students to be more influential members of the fire service and society; (2) to provide the best instruction and training possible in all areas of the fire service; (3) to serve the public at large by providing education services, training, and progression counseling; and (4) to provide a means to allow firefighters to demonstrate their ability to meet professional qualification standards.

The ND Firefighter's Association was first organized in Dakota Territory on June 4, 1884. In 1893 the North Dakota Legislature appropriated funds to promote the improvement and growth of an Association of Volunteer Firemen (S. L. 1893, Ch.65). The North Dakota Firemen's Association was incorporated on January 20, 1901. In 2001 the North Dakota Firemen's Association was renamed North Dakota Firefighter's Association.

The ND Firefighter's Association is identified in Century Code, Chapter 18-03-01.1. It states that the association shall: (1) develop and adopt a statewide fire education and training plan; (2) coordinate fire service training at all levels; and (3) establish procedures to govern the certification process for firefighter training.

Approximately 6,000 first responders are trained annually by the ND Firefighter's Association's cadre of adjunct instructors from fire departments throughout the state. Although most of the students are members of the 360+ fire departments in the state, many come from other states and the private sector. Currently, the ND Firefighter's Association offers a broad array of fire-related courses ranging from entry-level to advanced management for chief officers. In addition to fire suppression classes, there are courses in various technical rescue, hazardous materials, terrorist response, and instructor qualifications. The ND Firefighter's Association also provides courses in specialized training through partnerships with the Federal Emergency Management Agency and the National Fire Academy. Classes are conducted throughout the state, as well as online. Some larger fire departments with their own local academies



North Dakota Firefighter's Association  
1502 Grumman Lane, Suite 2

Bismarck, ND 58504

Phone: (701) 222-2799  
Fax: (701) 222-2899

[www.ndfa.net](http://www.ndfa.net)

request to use the specialized burn props through the ND Firefighter's Association for the most realistic training experience possible.

The National Board on Fire Service Professional Qualifications accredits the ND Firefighter's Association's certification programs.

In addition to assisting the fire department's ability to provide qualified emergency responders, the ND Firefighter's Association's efforts also directly benefit the state's citizens regarding their insurance costs. The cost of fire insurance for a local area is often based on the rating provided by the Insurance Services Organization (ISO). Much of that rating decision relies on the ability of the fire department to provide an adequate response with fire suppression capabilities, and training records are reviewed in the grading process.

The North Dakota Firefighter's Association's funding comes from numerous sources. Member departments pay annual dues of \$100.00 a year, and we also receive funds from donations from time to time. However, our two most significant funding sources currently are the Insurance Tax Distribution Fund, which accounts for approximately 43% of our budget, and federal and state-level grants. These grants are competitive, and we must apply for them months before they may be awarded. The outcome of a competitive awarding process is not predetermined. These funds are dedicated to the proposed project and cannot be used to fund other items within our budget. ND Firefighter's Association also goes through the extra steps to ensure that the grants we apply for do not adversely affect any grant opportunity to any fire departments in the state. Many of these grants come with a 10 - 20% matching funds requirement, which limits our ability to apply for or accept specific grants. Finally, these grants are reimbursable. If awarded these funds, I must first spend the money, considering the cost share we are responsible for, and apply for reimbursement from the grant source.

The ND Firefighters Association's end-of-year expenditures for the last three years have been \$1,331,274.40 (2020), \$862,987.99 (2021), and \$856,994.03 (2022). As you can see, the pandemic and a decrease in grant awards have recently limited our activities. Still, we have already seen more requests to provide firefighter training and certification testing in 2023 compared to previous years at the same time, proving the fire service is returning to pre-pandemic normalcy.

Standing before you today, stating that these amounts are insufficient for the North Dakota Firefighter's Association to conduct the training and certification testing that we are directed to in century code may seem disingenuous. Still, I ask you to take the following into consideration. As we do not have any full-time instructors on staff, all our instructors are firefighters from across the state whom we contract with to conduct training or evaluate certification tests. Very few grants we are eligible for can be used to pay these instructors for their time, mileage, or lodging cost. They also cannot pay the rent for our office, pay our utilities, fund additional staff we need, or pay for fuel to transport our training props. These funds come from our annual appropriation.



North Dakota Firefighter's Association  
1502 Grumman Lane, Suite 2

Bismarck, ND 58504

Phone: (701) 222-2799  
Fax: (701) 222-2899

[www.ndfa.net](http://www.ndfa.net)

SB 2211 identifies a change in funding source for the ND Firefighter's Association from the Insurance Tax Distribution to the Insurance Regulatory Trust Fund. This change will benefit not only the Association but all fire departments in the state. While funded by the Insurance Tax Distribution Fund, NDFA received approximately 5.5% of the appropriated amount. Returning these funds to their budgets will allow the fire departments to improve their abilities to provide emergency services to their citizens and hopefully enable them to decrease their ISO rating, which would benefit their communities by facilitating lower premium costs. It would also allow the Association to continue providing the training and certification we currently do without having to charge the individual fire departments. It will allow us the funding to continue to apply for grants without the concerns of the matching fund requirements and give us the ability to await reimbursement, which may take up to 30 days. It will enhance our ability to offer a broader range of instruction to the fire service of North Dakota, including more technical rescue and officer-level classes. And it will allow the ND Firefighter's Association to have a more stable budget moving forward, which will enable the association to build better programs to stay at the front of the ever-changing fire service technical advances making the North Dakota fire service an effective, safe, and reliable member of emergency services.

I thank you for the opportunity to present this testimony to you today and would welcome the opportunity to answer any questions you may have.

Robert Knuth, Training Director  
North Dakota Firefighter's Association

Members of the 68<sup>th</sup> Legislative Assembly House IBL Committee

For the record I am Ken Wangen Fire Chief of Carrington Fire and Rescue and President of the North Dakota Fire Chiefs Association. I submit my support for SB 2211

**100% Ongoing Continued appropriations of the IPT.**

Fire Departments face budget issues outside of simply paying the light bill, insurances (building, equipment, WSI and supplemental) and building upkeep.

*Turnout gear:* \$12,000 to outfit a single fire fighter on a 10-year cycle

*Truck certification and maintenance:* \$2,000-3000 per Engine/Pumper a year

*Hose:* \$18,000 per truck replaced as needed due to damage or failure

*Truck replacement:* greater than \$600,000 for a new truck or if you are lucky and find one minimum of \$300,000 for a decent used truck less than 10 years old. These estimated do not include equipment

*Training:* Per ISO we are required to average 12 hours minimum of structure fire training per fire fighter. Average cost to attend state fire school is just under \$600 for 1 Fire Fighter.

Our incomes are as varied as can be but rest assured, we do get local skin in the game. 100% return of the IPT will help tremendously. Not having to return every 2 years to defend a tax that originated in 1887 would just make sense, also please take into consideration unless the Chief is paid, the time to come to these hearings is donated. Also note that from 1997-2021 around \$40,000,000 generated by this tax was not disbursed back to the fire service but put in the General Fund.

**NDFA funded through the Insurance Regulatory Trust Fund**

The funding of the NDFA has always been an issue between the Full-Time departments and.... well, the roughly 360 other departments. NDFA is well described in the Century Code as the training entity for the state of North Dakota, but it is not funded. Removing the NDFA budget from the Insurance Premium Tax Distribution Fund and placing it in the Insurance Regulatory Trust Fund will offer both a chance for the NDFA to grow where needed and provide overcite and quarterly accountability through the Fire Marshall and Tax Commissioner while still maintaining our grass roots firefighter lead training and programs. It would also move funds back to Fire Departments where the tax was generated.

**Fire Marshall under the Tax Commissioner**

On average I see the Fire Marshall 3 to 4 times more a year for Insurance related issues then Investigations for a cause of a fire, and even then, 1 out of every 5 may have a criminal element. Conversely, they help with preconstruction code identification and post construction enforcement. They inspect all school, daycares, and governmental buildings yearly because we do not have the expertise or frankly the time off from our full-time jobs. Other projects we work with them on is Fire Prevention programs, hazard identification, building condemnation and infrastructure planning. Allowing the move to the Insurance Commissioner's office will allow better synergies and growth in this office and end 40 years of stagnation.

Please pass SB 2211

Ken Wangen

Fire Chief Carrington Fire and Rescue/President North Dakota Fire Chiefs Association



Drew H. Wrigley  
ATTORNEY GENERAL

STATE OF NORTH DAKOTA  
**OFFICE OF ATTORNEY GENERAL**  
www.attorneygeneral.nd.gov  
(701) 328-2210

State Fire Marshal  
1720 Burlington Dr., Ste. B  
Bismarck, ND 58504  
(701) 328-5555

March 14<sup>th</sup>, 2023

To the Honorable Representative Scott Louser, Chairman of the House Industry, Business and Labor Committee, and Committee members,

I appear before you today to testify in a neutral standpoint for Senate Bill 2211. The Office of the Attorney General supports the important mission of the State Fire Marshal Division and the division's proper alignment within state government as determined by the Legislative Assembly.

To give the committee some background, the State Fire Marshal Division is responsible for public education; fire prevention and safety inspections; reviews of new construction plans for fuel tanks, fire protection systems, and related items; and fire investigations. These tasks are related to community risk reduction, addressing State liability related to safety hazards of fire, and minimizing impacts from fire losses.

The State Fire Marshal Division consists of eight full-time employees and one part-time temporary administrative assistant. Our five Deputy Fire Marshal positions are spread throughout the State to cover large geographic regions from offices out of Bismarck, Dickinson, Minot, Grand Forks and Fargo.

Senate Bill 2211 introduces the realignment of the State Fire Marshal Division with the Insurance Department and would return to where the Division was originally created and operated out of. The fire service and the insurance industry have a long and intertwined history in the United States. The first fire companies in the United States were often funded by insurance coverage on losses. The relationship still exists today, as the higher rated fire service that is provided within a community by their fire department, greatly affects the insurance premiums that are paid by the public. We are one of three states who are annexed with their Attorney General's Office. Many are with their Insurance Department's or have standalone offices.

The State Fire Marshals Division already conducts multiple programs in collaboration with the Insurance Department such as; fire department certificate of existence, fire insurance tax premium distribution, property insurance loss reporting, fire prevention and safety inspections for buildings covered under the fire and tornado insurance fund and reporting of insurance fraud discovered through fire investigations.

I would like to point out that fire origin and cause investigation is not and should not be confused with arson investigation. Fire investigation is a primary duty of fire departments to reduce fires, while arson is a crime that is investigated and prosecuted by law enforcement. All fires in North Dakota are required to be investigated, not only for a criminal element, but to ensure that the State Fire Marshal and local fire authorities are preventing every fire possible. The first and most critical step in fire prevention is fire investigation. Approximately, only 10% of all fires in

North Dakota are reported to be incendiary, or have a criminal aspect. While the State Fire Marshals Division cares greatly that the 10% are investigated and prosecuted, we also need to know what is causing the other 90% of our fires, and ensuring that we are addressing all fire causes, which can affect fire losses and insurance rates within the State. I have had many great fire investigation instructors in my career, and one that sticks with me would always say that the “best arson prosecutions are when the fire service and law enforcement work together to provide an expert fire origin and cause opinion from the fire side, and expert criminal investigation on the law enforcement side.” This is further reflected in the proposed changes in Section 18-01-09 where the Bureau of Criminal Investigation is being added in to ensure the teamwork concept is in place in any suspected situation of arson.

Our current collaboration efforts would remain the same as outlined in the bill with the Bureau of Criminal Investigation, and the State Fire Marshal shall report all suspected cases of arson to the Bureau of Criminal Investigation. This relationship between the State Fire Marshal Division and the Bureau of Criminal Investigation is strong and supported by internal directives to ensure that the two divisions continue to work together to ensure that fire crimes are properly investigated and prosecuted. The proposed language better defines the relationship than currently written.

The State Fire Marshals Division works outside of our silo on a regular basis with other agencies and divisions that have a shared responsibility or area of concern. Other partner agencies and divisions that the division works with include but are not limited to: Department of Health and Human Services (DHHS) Food and Lodging Division, DHHS Life Safety and Construction, DHHS Children and Family Services, the Department of Environmental Quality (DEQ) Petroleum Release Remediation Fund Program, DEQ Division of Municipal Facilities, the Department of Emergency Services, the Department of Forestry Fire Management Division, and the North Dakota Firefighters Association. Working with other agencies and divisions outside of our own is a strength of the State Fire Marshals Division.

The State Fire Marshal Division does have a role in the fire insurance tax distribution to fire departments. North Dakota Century Code 18-04 currently requires the State Fire Marshal to collect and manage the fire department certificate of existence data. Among the items required to be collected from fire departments is financial information each year and includes; the amount of fire insurance tax distributed to the fire department, the amount spent, amount left over, plans for spending the rest of the distribution, and what the distribution was spent on. This information is required to be reported to the interim budget committee every two years. I have testified to this the last two interims, and submit as part of my written testimony the financial information of each fire department as submitted to us by fire departments.

To give the committee an idea of the responses of what distribution funds are spent on, the following are some of the more common reported items: vehicle repairs, replacement of personal protective equipment, replacement of firefighting equipment, replacement of fire hoses, radio upgrades related to the SIRN project, fire station utility bills, new fire trucks and apparatus, purchase of used fire trucks and apparatus, firefighter training, fire station maintenance, new fire station loan payments, new and replacement self-contained breathing apparatus, fire apparatus fuel, insurance fees, remodel of old fire hall, thermal imaging cameras, four-gas air monitors, and SCBA fill-stations.

The State Fire Marshal and the North Dakota Firefighters Association (NDFA) have a long and strong relationship of working together as well. This is highlighted by combining efforts to help address fire prevention training available to fire departments, and working together at fire school

in Minot every year. The proposed change to sub-section 8 under 18-03-01.1 would require the NDFA to “report quarterly to the state fire marshal”. The Insurance Department, NDFA and the State Fire Marshal have talked through this and all parties are comfortable with the proposed language and changes.

All other proposed changes under Senate Bill 2211 that affect the State Fire Marshal are simply changing Attorney General to Insurance Commissioner and have no ill effects to the operations of the State Fire Marshal Division.

The State Fire Marshal Division’s workload has greatly increased in the areas of plan review of new construction and impactful inspections that help local fire departments. Renewed focus on ensuring that fire safety risks are identified, addressed and remedied, is a close relationship with the Insurance Department’s focus on lowering risk to insureds and insurance providers within the State.

The proposed realignment of the State Fire Marshals Division under the Insurance Department is one that makes sense for all parties involved and allows the Division to continue to work with all partners in fire prevention.

I would like to thank you for the time to address the committee today.

Respectfully,

Douglas Nelson  
ND State Fire Marshal

**SENATE BILL NO. 2211**

**Presented by:**        **Jon Godfread**  
                              **Insurance Commissioner**  
                              **North Dakota Insurance Department**

**Before:**                **House Industry and Business Committee**  
                              **Representative Scott Louser, Chairman**

**Date:**                  **March 14, 2023**

Good morning, Chairman Louser and members of the Committee. For the record, my name is Jon Godfread, Insurance Commissioner. I stand before you today in support of Senate Bill 2211, which is a policy bill whose idea was brought forth by the fire chiefs and fire service.

Much of what Senate Bill 2211 does is realigns the State Fire Marshal's Office with the Insurance Department. The statutory requirements of the State Fire Marshal are already in line with what we do at the Insurance Department. This move to the Insurance Department would allow the State Fire Marshal to focus on what they are obligated to do under Century Code at an elevated level, which is to prevent fires, suppress arson, oversee combustibles, explosives, fire alarms, fire extinguishing equipment, and educate the citizens of North Dakota on the hazards of fire. These requirements align with risk mitigation and the prevention of loss, which are closely related to the insurance industry.

During the 1967 Legislative Session, State Fire Marshal Vance Arneson testified in support of HB 757 to move the State Fire Marshal's Office from the Insurance Department to the Attorney General's office due to the criminal nature of what they were doing for the state at that time and to gain access to legal counsel. From what we've gathered, this move back in the 60s was to focus on arson investigations and create collaboration with the Bureau of Criminal Investigations, which also resulted in a move away from the other duties involving prevention, safety, and education.

A lot has changed in the over 55 years since this change was made. Building codes have been enacted and the regulations on combustibles and explosives have strengthened, all in the name of

safety and preventing fatalities. While the need for arson investigations is still there, it is now a smaller fraction of what the State Fire Marshal does. Since being elected in 2016, I've worked to modernize and create greater efficiency in the institutions I'm involved in. This is a move that will do both, without compromising our commitment to serving and protecting North Dakotans.

This bill, while aligning the Fire Marshal and Fire Service with true safety, prevention, and mitigation, also further strengthens the collaboration between the Bureau of Criminal Investigation. As you will see on page 2, lines 1 through 3, it is clear these processes remain the same and any arson or incendiary crime will still be reported to BCI. Fire and law enforcement will continue to share a collaborative and cooperative arrangement, this bill further solidifies those efforts.

This move will allow us to focus on the many other equally important requirements that the State Fire Marshal is responsible for, including risk mitigation, fire prevention and education, all of which has an impact on our insurance marketplace. We would not be here if we did not believe this would be the best move for the Fire Marshal's office, the Fire Service, and the State of North Dakota. This bill would place the Fire Marshal's office back into an agency that provides support and resources for 90% of its duties. The law enforcement collaboration is only a tenth of the State Fire Marshal's operations.

Another major component of this bill is the need for the continuing appropriation for the fire districts. Funding for fire departments and fire districts comes from a couple of different sources (property taxes, benefits, etc.) but a significant portion of the funding has come from the insurance premium tax. The Department collects the premium tax and from that, the Legislature appropriates an amount up to 100% of the fire insurance premium tax revenue collected. This is essentially a pass-through fund, whereby we collect the tax and pass that collection on to the fire districts. This fund was a continuing appropriation from 1887 – 1985. Since 1985, funding to the fire districts has fluctuated between 101% of the funds to as low as 48% of the funds available. Senate Bill 2211 is asking that the continuing appropriation be restored; this ensures that the dollars that are intended to go to the fire districts are going to the fire districts. The average consumer likely knows that a portion of their homeowner's insurance premiums goes to

funding fire departments. What they do not know is that a portion of those dollars are being put back into the general fund, roughly 40 million dollars over the last 40 years.

Our consumers are being double or triple hit, once on their homeowner's premiums, again on their property tax, and then again by participating in various benefits put on by fire departments to cover their costs. I've come before the legislature for the last two sessions asking you to rectify this disparity and this is by far the most productive suggestion from the fire departments. The continuing appropriation is instrumental in providing the necessary gear and equipment to properly protect the public and the firefighters themselves.

I have said time and time again, we are one tragedy away from being forced into fixing this issue. I firmly believe if a volunteer firefighter were to lose his or her life while on a call, this body would act and restore the funding that should be going to the fire service. We do not need to wait for tragedy to strike, we need to give our local fire departments the resources they need and the tools they require to protect our property and our communities by utilizing the funds that are supposed to be designated for them. At the very least, the continuing appropriation in this bill ensures that money collected on behalf of the fire service, actually goes to the fire service, this is something we should support. To reiterate, over the past 40 years, money has been going into the general fund that was collected for fire service and should have been going to fire service. SB 2211 corrects this wrong and restores the funding that was always meant to go to the fire service.

On top of immediate threats inherent in the fire service, there is another looming problem within the fire service and that is an increased rate of cancer among fire service personnel, something that happens over the long-term. Cancer rates among fire service personnel are increasing, generally because of the carcinogens they are exposed to while performing their duties. Proper equipment, proper cleaning, and more protective equipment is shown to lower that risk. In North Dakota our fire districts are often volunteer led, and without enough of the necessary equipment, or without properly maintaining the equipment, we are not supporting the volunteers to the extent that they deserve. Let's get them the protective equipment they need to keep themselves safe while they're keeping us safe and mitigate this exposure to our state.

In addition to the State Fire Marshal move, and continuing appropriation for the fire districts, Senate Bill 2211 introduces language to pay a flat amount to the North Dakota Firefighter's Association (NDFFA) from the Insurance Regulatory Trust Fund, or our special fund, instead of the Fire Insurance Tax Distribution Fund. When I have brought this before this body in the past, the reporting and oversight for the NDFFA has often been the main reason as to why a continuing appropriation could not be passed. With SB 2211, the NDFFA will be working in concert with the State Fire Marshal and will be giving the State Fire Marshal quarterly reports, this maintains the autonomy the NDFFA has earned and deserves, while providing the State Fire Marshal with the responsibility of oversight and reporting.

This would allow all dollars that are collected on behalf of the fire districts to go only to the fire districts. The State Marshal is the glue to bring all these components together to be successful. The oversight of NDFFA from the State Fire Marshal helps this state grow and develop the fire service while having peace of mind of the funds you all allocate to NDFFA. NDFFA President Rob Knuth is here today to talk more about NDFFA so you all know and can understand the importance NDFFA has for rural communities and what this flat appropriation helps them achieve.

Lastly, I wanted to address any potential sticker shock of the fiscal note. Much of what the fiscal note does is move general fund dollars to other funds, or our special fund, the Insurance Regulatory Trust Fund. There is a positive net calculation for this purpose. It's not just moving the budget from the Attorney General's Office to the Insurance Department. We are committed to investing into the State Fire Marshal and giving his office the resources, they need to effectively administer their duties. The Senate did provide 4 additional FTEs for the Fire Marshal which results in an increase in salary, fringe, and operating costs. The Fire Marshal has not received an additional FTE for 40 years, despite significant growth in the state during that timeframe. Because of this, there are many areas of our state that are underserved by the core functions of the Fire Marshal's Office.

Up to this point, we have not mentioned the Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund. The fund must consist of all certification fees submitted by manufacturers, and, in addition to any other moneys made available, be available

pursuant to legislative appropriation, to the state fire marshal solely to support processing, testing, enforcement, and oversight activities under chapter 18-13. Senate Bill 2211 does change all language from Attorney General to Insurance Department and it is the intent to be able to utilize the Cigarette Propensity Fund as it has been used in the Attorney General's Office to continue to carry out State Fire Marshal operations.

I want to remind this body that although the fiscal note may look hefty, any funds we don't use do get turned back to the general fund. Today, you are being asked to review the policy decision of moving the State Fire Marshal back into the Insurance Department, supporting the policy behind the continuing appropriation and an independent appropriation to the NDFA. The specific dollar amounts will be determined by the appropriations committee.

I did want to make it clear this move is strongly supported by my office, many in the industry, and the fire service. I would also like to remind this committee, that this idea was brought to me by the Fire Service, we have worked closely over the past 7 years to develop an idea that would be supported by the fire service and ultimately successful with the legislative body. SB 2211 is the result of many conversations with all the stakeholders including the Attorney General, the Fire Chiefs, the Fire Fighter's Association, the cities, the counties, law enforcement, and just about anyone who would listen to me talk. All have met this idea with approval and support for our efforts. I can assure you; we have looked at this idea to try and find the negative impacts, and it's our impression that this is truly positive for all involved.

We look forward to expanding our relationship with Fire Marshal Nelson and his team in the Fire Marshal's Office, and we will continue to advocate for the necessary resources they need to carry out their statutory duties. The relationship between the fire service and the insurance industry is one that goes all the way back to the beginning of our great state. The insurance industry understands, probably better than most, that we all benefit from a strong fire service. It is for these reasons we stand in support of SB 2211 and encourage you and all your colleagues to do the same.

Mr. Chairman and members of the committee, thank you for the time to present today, there are many more behind me to expand on these points, but I am happy to answer any questions you might have.



# North Dakota Insurance Department

Safeguarding Promises. Fostering Fairness.  
Jon Godfread, Commissioner



## Background

When North Dakotans call 9-1-1 because of a fire, it's expected that a team from their local fire department will swiftly tend to the flames and secure the property as much as possible. Ensuring North Dakota's fire departments are prepared and equipped for when the call comes in, should be a priority.

The North Dakota Fire Marshal's office is tasked with reducing the risk of fires in a variety of buildings and environments. Additionally, the Fire Marshal and staff investigate cases of arson, which oftentimes is driven by insurance payouts. This work, similar to insurance, is to protect and support individuals when the unexpected happens.

The Department administers the Insurance Tax Distribution Fund which provides millions of dollars in funding to fire departments across the state. This money is used for more training, equipment and more, which can lower property insurance premiums and ISO ratings.

To create a more efficient state government and improved safety for North Dakotans, the Fire Marshal's office would be best served within the Insurance Department.

Primary shared roles of the Insurance Department & Fire Marshal are to mitigate risks and prepare for the unexpected. This move would provide greater efficiency to better serve and respond to North Dakota communities, large and small.

### Joel Boespflug Bismarck Fire Chief

"The closer partnership of agencies involved in the coordination of fire training, fire investigations and fire prevention can create synergies to help communities improve their Insurance Services Office (ISO) Community Fire Protection Rating."

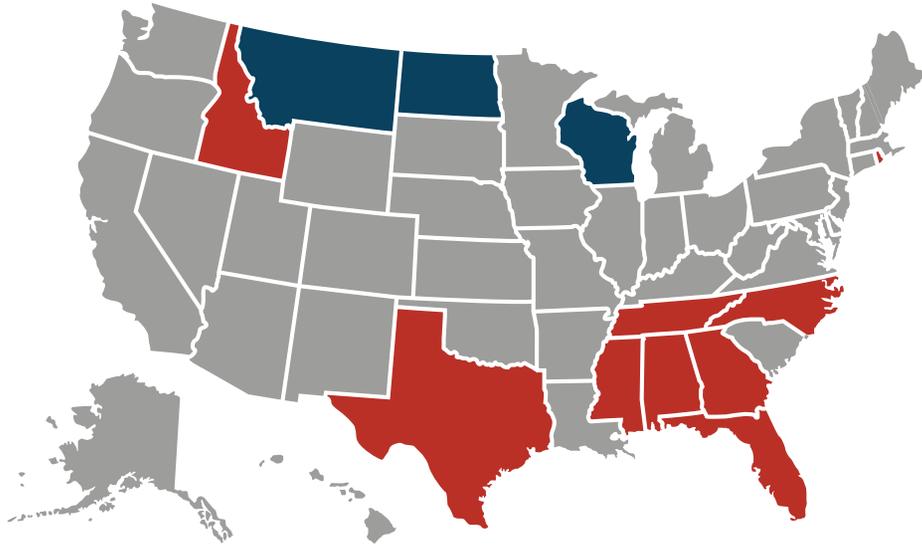
### Rob Knuth NDFCA Training Director

"The North Dakota Firefighter's Association supports the initiative to unite with the ND State Fire Marshal's office under the ND Insurance Department. The State Fire Marshal provides departments fire prevention, inspection, and investigative services while the ND Firefighter's Association provides training and certifications. Both entities' goal is to improve the capabilities and readiness of the fire departments in the state."

### Ken Wangen NDFCA President & Carrington Fire Chief

"It makes too much sense. We've been looking for this in a long time. From a fire department's standpoint, fire departments are tasked with life and property, in that order. The way we achieve that is through education. From a volunteer standpoint, it costs money. Equipment costs have done nothing but go up. Getting ongoing appropriations of premium tax is extremely helpful. Funding the NDFCA is a premier priority."

## Where are Fire Marshals located?



- Within the state's insurance department
- Within the state's Attorney General's office
- Other or stand-alone agency

## North Dakota Firefighter's Association

The NDFA is an organization comprised of hundreds of local firefighters from across the state. Its mission is to promote the safety and welfare of the NDFA members through uniform and established training standards.

Through restructuring, the NDFA will report to the North Dakota Fire Marshal. Further, the NDFA will receive a flat appropriated rate from the Insurance Regulatory Trust Fund, or be specially funded. Currently, funds are received from the Insurance Tax Distribution Fund. More funds will be distributed to fire districts more equitably.

Cities both big and small will be able to utilize funds to better enhance their services and protections for our local communities.

## Budget & Finances

**\$3.37 million**

Fire Marshal's proposed budget for 2023-2025 biennium by the Insurance Department.

**\$1.2 million**

Appropriated to the North Dakota Firefighters' Association per fiscal year.

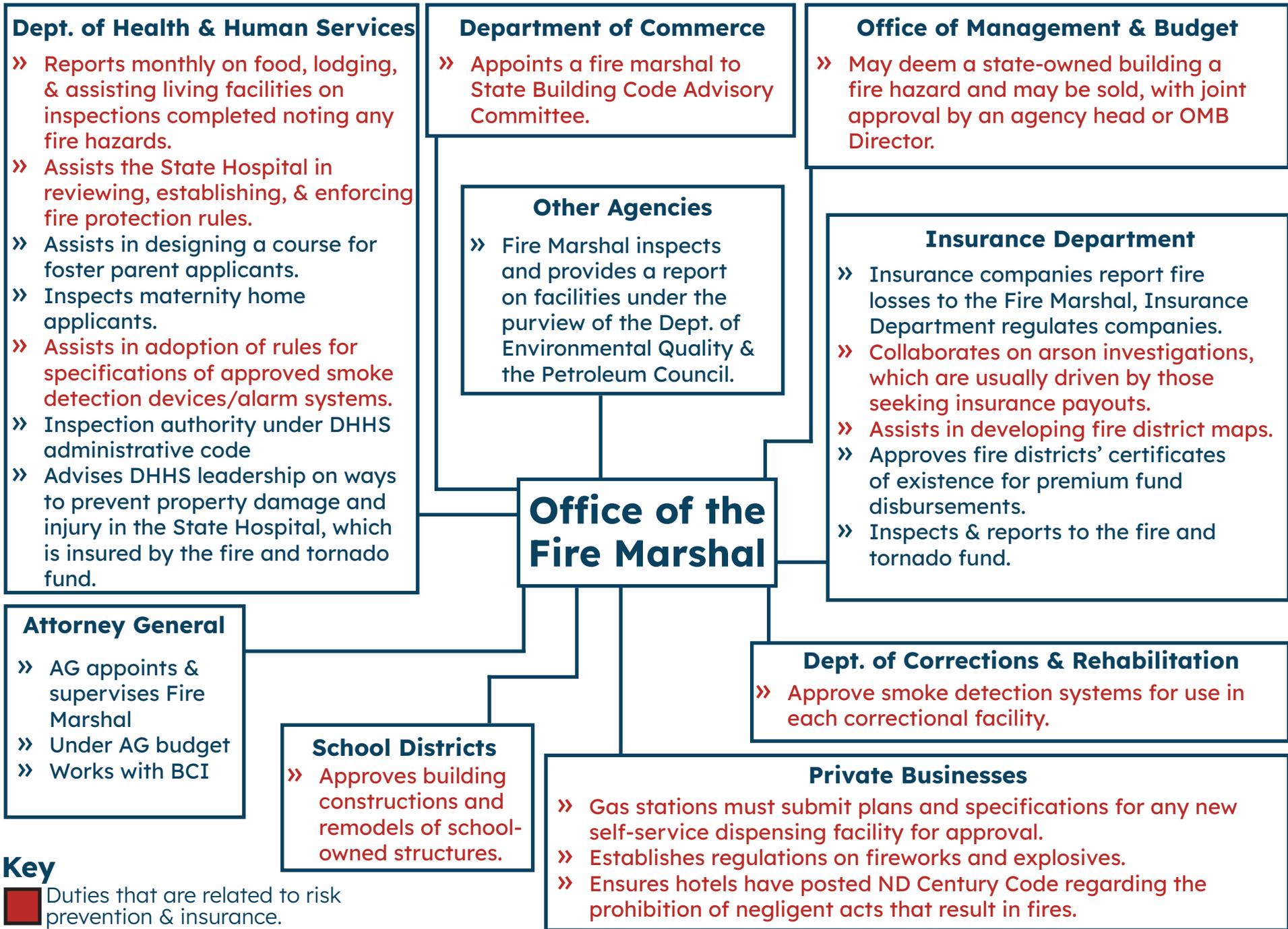
**\$6.76 million**

Projected turnback following the 2023-2025 biennium from the Insurance Regulatory Trust Fund\*

*\*After proposed appropriations to NDFA & State Fire Marshal's office*

## Fire Safety & Insurance

- » Greater communication and efficiency between the Fire Marshal and Fraud Investigation Division. Insurance fraud is a leading motivator for fire-related crimes.
- » The work of the Fire Marshal and NDFA impact the Public Performance Classification through the Insurance Services Office, which can lower premium rates across the state.
- » A role of the Fire Marshal is to educate communities, mitigate risks and prepare for the unexpected, very similar to the Insurance Department. The Fire Marshal and Insurance Department can compliment each other.



# Responsibilities of the State Fire Marshal



## Connections to the Insurance Department

- » Prevent fires which risk property damage, injury, and fatalities.
- » Regulate fire alarms and fire safety precautions in public facilities, which can lower NDIRF premiums for policyholders.
- » Regulate storage, sale, and use of combustibles and explosives.
- » Educate North Dakotans on fire hazards.



## Connections to the Attorney General Office

- » Suppress arson and investigate causes and origin of fires.



# North Dakota Insurance Department

Safeguarding Promises. Fostering Fairness.  
Jon Godfread, Commissioner



## Senate Bill 2211 Fact Sheet

### Fire Marshal Duties and Responsibilities



Public Education



Fire Safety & Prevention



Review Construction Plans & Systems



Fire Investigations

### Proposed FTEs

8

Current FTEs

4

Proposed additional FTEs

» 3 new Deputy Fire Marshals located in Devils Lake, Jamestown and Williston.

» 1 new Chief Deputy Fire Marshal

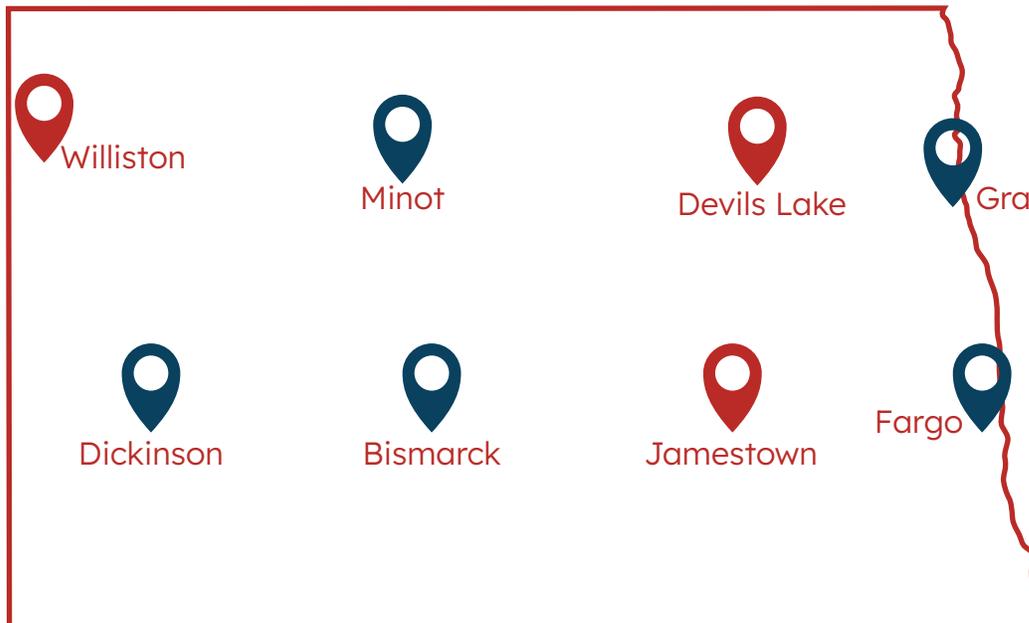
### NDFA Funding

SB 2211 increases funding to the North Dakota Firefighter's Association (NDFA).

**\$1.14**  
million  
2021-2023  
biennium

**\$2.4**  
million  
2023-2025  
biennium

### Fire Marshal Offices



Existing Deputy Fire Marshal offices



Proposed additional Deputy Fire Marshal offices

## 2023-2025 **Submitted** Attorney General Budget

Appropriated funds come from the General Fund (GF) and Special Funds (SF)

GF Salaries	\$ 779,228
GF Operating <b>+</b>	\$ 108,457
	<b>\$ 887,685</b>
SF Salaries	\$ 1.018 million
SF Operating <b>+</b>	\$ 256,637
	<b>\$ 1.275 million</b>

Total Fire Marshal budget submitted by the Attorney General: **\$2.162 million**

## 2023-2025 Insurance Commissioner's Fire Marshal **Proposal**

Appropriated funds come from Special Funds

Salaries & Benefits	\$ 2.636 million
Operating <b>+</b>	\$ 733,216
	<b>\$ 3.37 million</b>

2023-2025 Estimated General Fund **Turnback**  
**\$3.42 million**

## By the Numbers

In 2022, fire districts and departments received tax distribution payments appropriated by the Legislature. This shows what districts received in 2022 without the continuing appropriation and what would have been received with a continuing appropriation.

Fire District	Without Cont. Approp.	With Cont. Approp.	Difference
Arthur Rural	\$ 14,912.97	\$ 17,558.77	\$ 2,645.80
Bismarck	\$ 743,770.55	\$ 875,727.13	\$ 131,956.58
Bismarck Rural	\$ 182,562.24	\$ 214,951.64	\$ 32,389.40
Bowman	\$ 20,207.70	\$ 23,782.86	\$ 3,585.16
Bowman Rural	\$ 17,939.64	\$ 21,122.41	\$ 3,182.77
Billings Co. Fire Protection	\$ 14,147.57	\$ 16,657.57	\$ 2,510.00
Buffalo Fire Protection	\$ 26,544.40	\$ 31,253.79	\$ 4,709.39
Casselton	\$ 88,298.75	\$ 103,964.33	\$ 15,665.58
Dickinson	\$ 251,169.63	\$ 295,731.07	\$ 44,561.44
Dickinson Rural	\$ 54,992.41	\$ 64,748.93	\$ 9,756.52
Edinburg Fire Protection	\$ 10,035.27	\$ 11,815.69	\$ 1,780.42
Ellendale Fire Protection	\$ 36,068.87	\$ 42,468.06	\$ 6,399.19
Ferry Township Rural	\$ 23,746.40	\$ 27,959.38	\$ 4,212.98
Grand Forks	\$ 429,946.97	\$ 506,226.32	\$76,279.35
LaMoure	\$ 10,212.22	\$ 12,024.02	\$ 1,811.80
LaMoure Rural	\$ 36,277.79	\$ 42,714.04	\$ 6,436.25
Milton Rural Fire	\$ 12,678.38	\$ 14,927.73	\$ 2,249.35
Minot	\$ 394,987.20	\$ 465,064.13	\$ 70,076.93
Minot Rural	\$ 83,672.80	\$ 98,517.67	\$ 14,844.87
Oakes Fire Protection	\$ 69,702.24	\$ 82,068.51	\$ 12,366.27
Page Fire Protection	\$ 28,890.25	\$ 34,015.84	\$ 5,125.59
Wishek Fire Protection	\$ 18,066.42	\$ 21,271.69	\$ 3,205.27

# Fire Department Finances

## Revenue



Property taxes

Contracts for service



Extended scene response & rescue

Insurance tax distribution



Fundraising activities

Donations



Charitable gaming

Grants



## Expenditures



Salaries

» Paying for any full- or part-time staff.

Equipment



» Trucks, vehicles, PPE & gear

Utilities & Overhead



» Electrical, water, gas & rent/mortgage

Insurance



» NDIRF, WSI & property insurance

Training & Certifications



» Equipment training & safety certifications

Grant & Gaming Management



» Upfront fees or matching amounts

Fire Districts are

**Stretching  
Dollars**

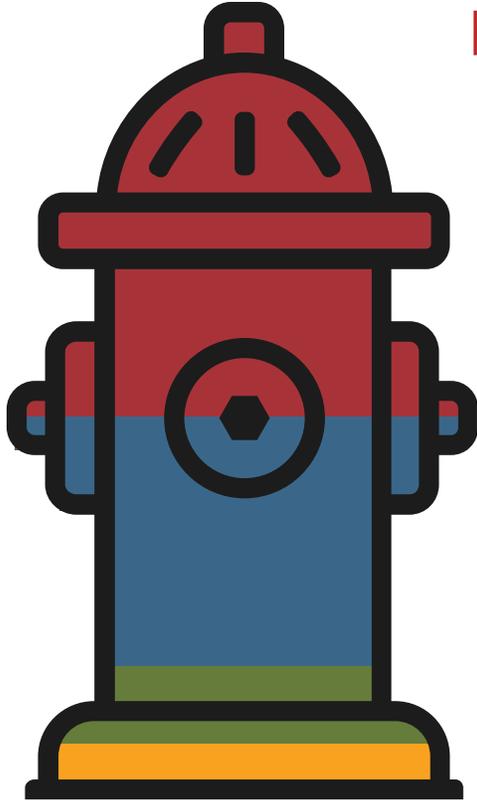
Dollars received and spent in fire districts all have a common theme: **safety**. Safety is one of a fire department's central liabilities, whether rural or urban. The funds allocated to those fire districts are being allocated and used to enhance safety in the community further.

Fire departments and districts creatively approach fundraising and strategically spend their limited dollars. The shoestring budgets that many departments experience result in expired gear, lapses of certifications for trucks, and ill-equipped firefighters.

Unfortunately, the inability to act can affect ISO scores and, ultimately, the communities they serve.

# ISO Ratings

## How are ISO Ratings determined?



### 50 Points - Fire Department

A review of fire suppression capabilities including equipment and personnel training.

### 40 Points - Water Supply

Evaluation of a community's water supply system as well as the maintenance and quality of hydrants.

### 10 Points - Emergency Communications System

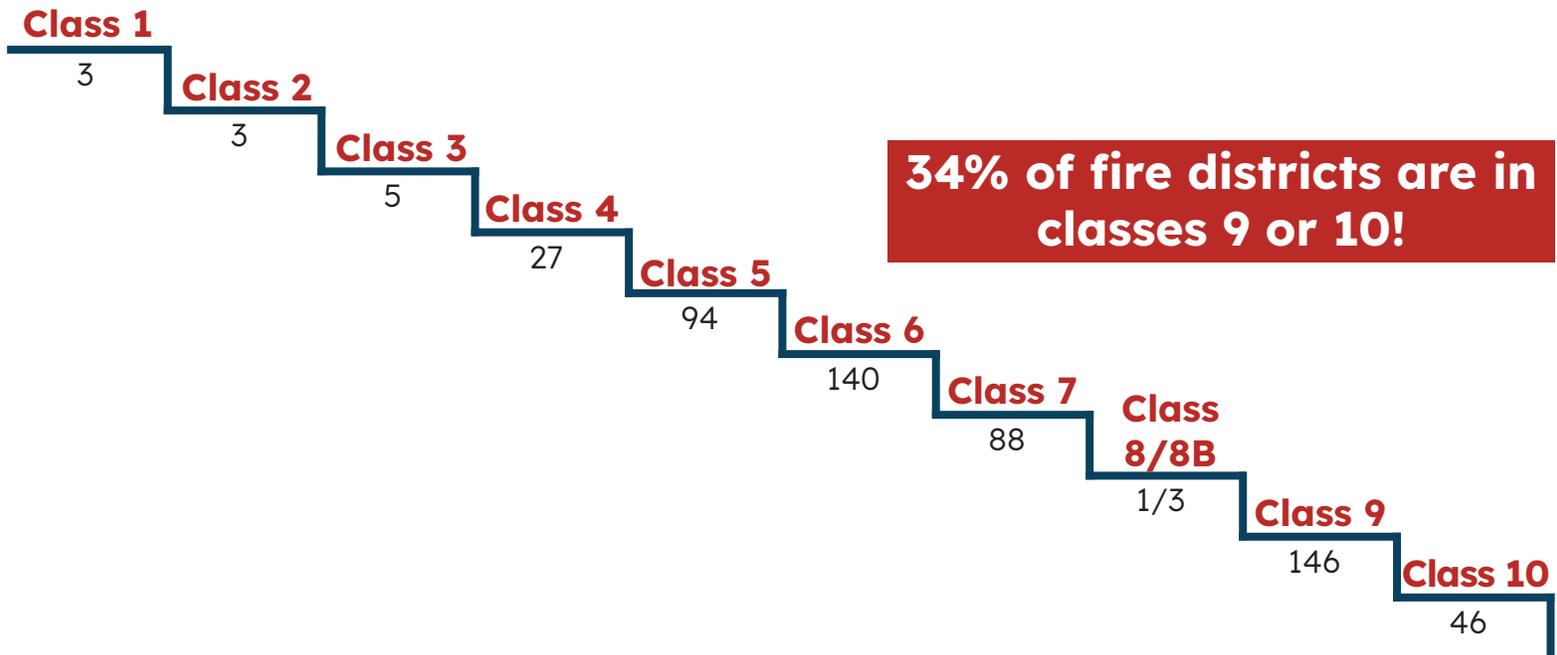
A review of a community's facilities and support for handling and dispatching alarms.

### 5.5 Points - Community Risk Reduction

Evaluation of fire prevention code adoption, public fire safety education and fire investigation.

## What are North Dakota's ISO Ratings?

Number of fire districts in each class as of Jan. 2023



# Fire Marshal FTE Request

2023-2025 Biennium



## Chief Deputy Fire Marshal

### Duties & Responsibilities

- » Supervise Deputy Fire Marshals within their command
- » Assign & track progress of projects & investigations
- » Pursue accreditation for division programs
- » Recruit and train Deputy Fire Marshals



Deputy Fire Marshal

Jamestown



Deputy Fire Marshal

Devils Lake



Deputy Fire Marshal

Williston



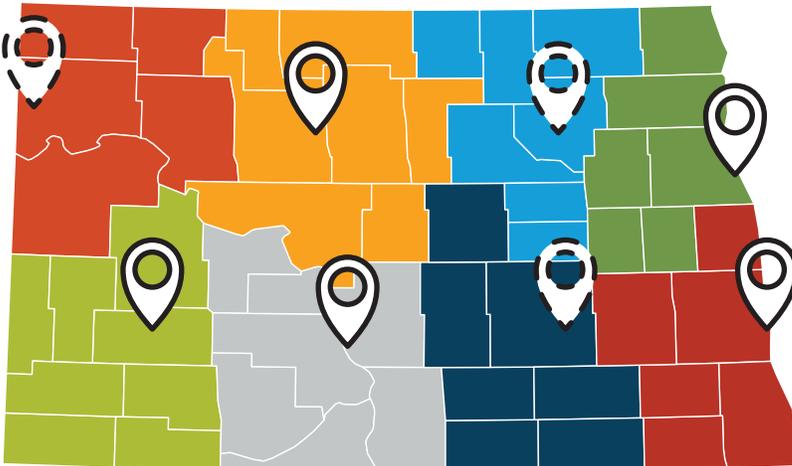
## Let's get accredited

Additional FTEs help us achieve accreditation

- » American National Standards Institute (ANSI)
- » Commission on Fire Accreditation International

Why is this important?

- » Quality standards
- » Consistency
- » ISO Ratings
- » Credibility
- » Competitive advantage for grants & other funding



Existing Deputy Fire Marshal offices

Bismarck, Dickinson, Fargo, Grand Forks & Minot



Proposed additional Deputy Fire Marshal offices

Devils Lake, Jamestown & Williston

## Benefits to North Dakota

- » No overtime expenses
- » Less mileage expenses
- » Investigate all requests
- » ISO rating improvements, leading to lower property insurance premiums
- » Reduced liabilities

# Fire Marshal FTE Expenses

2023-2025 Biennium



1 Chief Deputy  
Fire Marshal

Annual salary: \$91k  
Fringe: \$35.5k

\$126.5k annually  
**\$253k biennially**

3 Deputy Fire  
Marshals

Annual salary: \$71.5k  
Fringe: \$31.5k

\$103k annually each  
**\$206k biennially each**



Total salary & fringe of  
four additional FTEs

# \$872k

Figures do not include any legislative or equity salary adjustments.

## 2023-2025 Biennium Operational

PPE	\$ 3,500
Backup PPE	\$ 3,500
Vehicle Tools	\$ 3,500
Uniforms	\$ 1,000
Gas Monitor	\$ 1,500
Small Tools	\$ 2,000
Gear Extractor	\$ 5,000
Fleet Vehicle	\$ 28,800

**Total per FTE \$ 48,800**

**Total of 4 FTEs \$ 195,200**

## 2023-2025 Biennium Total

Total salary & fringe **\$872k**

+ Total operating **\$195k**

**\$ 1,067,000**

Total for 4  
additional FTEs



## SB 2211

Testimony before the House Industry Business and Labor Committee  
March 14, 2023  
Support

I am Kristi Schlosser Carlson, and I represent North Dakota Farmers Union, Farmers Union Insurance Company, a domestic insurer, and Farmers Union Service Association, a general insurance agency. Our members and employees are involved in their local communities in many ways, including serving as volunteer firefighters and fire chiefs.

We support SB 2211.

In particular, we support providing a continuing appropriation from the insurance tax distribution fund for the purpose of funding fire departments and fire protection districts. We know that improved equipment and education of and by fire districts and fire departments not only enhance vital services for our communities and protect lives, but also can lower our policyholders' premiums. Insurance companies determine rates based in part on the risk of fire to a property, and the mitigating impact of a fire department able to respond; insurance companies use fire protection classes to reflect that analysis. Most insurers rely on ISO's Property Protection Classification system to determine fire protection classes, which is based on a variety of factors including the quality of a community's fire department, its water supply, and its emergency communications. For example, a fire department can submit evidence for ISO's evaluation, and ISO weighs the department's equipment, staffing, training, and geographic deployment. It also factors in a community's fire prevention, public fire education, and fire investigation efforts.

In sum, the insurance premium tax is intended to fund fire departments and fire districts because better fire protection mitigates fire risk, protects our communities, and leads to lower premiums.

In addition, we are encouraged by the opportunity that could be realized by moving the Fire Marshal to the Insurance Department in encouraging fire districts and fire departments to take steps to reduce fire protection classes that result in premium decreases.

We invite a Do Pass on SB 2211.

## SB2211

Good Afternoon, My Name is John Hejl and I am the fire chief in Casselton ND.

Casselton Fire is 100% volunteer. We cover an area of 385 sq miles – 12 townships and the cities of Casselton and Amenia or 5000 ND residents as primary fire. That area almost doubles to 745 for Extrication.

Volunteer and Career departments across the state pull funding from a variety of sources; grants, taxes, general funds of cities and townships, and all too often donations and fundraisers. Those funding sources should mirror their uses. Career or volunteer, metro or rural you will be hard pressed to find two identical departments. At Casselton Fire roughly 1/3 of our call volume comes from Casselton, 1/3 from our rural addresses, and 1/3 from Interstate 94 of which we cover 33 Miles; from Mapleton to Tower City. If we only covered Casselton we would focus spending on Engines and Ladders. If we only covered rural areas we would focus on Grass Rigs and Tankers. The Interstate and the State Highways that run through our area make us also focus on extrication and dealing with hazardous situations and substances that would otherwise not be an issue in our area. Our funding structure follows this call volume and equipment needs matrix in that the city contract is 1/3, our townships and Amenia are 1/3, and our state insurance rebate is 1/3 of our budget.

Once again, 1/3 of Casselton Fire Department's annual budget comes from our state insurance rebate. We have come to rely on the insurance fund money not because we want it, but because we need it. Each Biennium we lobby for a continuing appropriation as we have to decide if we can purchase what we need or if we will have to wait, unsure of the funding we will receive.

As volunteer responders in Casselton we are not asking for insurance rebate funds for a pay increase, but rather to provide current/safe tools, apparatus, and PPE for our firefighters.

To help quantify the things I listed at the beginning of this speech. In 2021 Casselton fire spent 621 hours and 15 minutes on emergency scenes. In 2022 it was 569 hours and 19 minutes. That is only time spent on scene. For each hour spent on scene add an additional 3 hours of "department time"; drive time to and from emergencies, time spent after getting apparatus and tools ready for service, add Classroom and training time, business meetings, public education, building inspections, daycare and school tours, city and township meetings and speaking here today... the list goes on. Our time is limited as firefighters and needs to be spent on these things.

This past summer at the NDFA Convention held in Casselton, Senator Mark Weber asked me if there was anything that he, as a legislator, could do to help the fire service in North Dakota. Immediately I said yes; he could help me/us with funding. Mark then spent the next several months speaking and working with ND fire chiefs, NDFA staff, and the State Fire Marshal's office to draft and introduce legislation to address several issues within the ND fire service.

A wise policy maker once told me that the first question asked of a piece of legislation is this: "What problems does it aim to fix?" Here are the main problems that you can help me fix.

#### Problem 1:

Our funding through the state insurance rebate is not reliable. As I do not know if or how much I will receive from this rebate (in some years it has been cut by over half) I cannot build an accurate budget, order equipment in a timely manner, or plan repairs. I have this problem every two years. Instead of focusing on the myriad of other issues that present themselves to the fire service (training, retention, recruitment, cancer, health and safety, etc), we are here every two years addressing this issue. The fire insurance premium tax was originally written in 1887 to be a pass through fund, 100% of it going to fire departments. That changed in 1985 and we have been asking for it back ever since. Apparatus costs and build times dictate that we are good stewards of our funds. I don't have room in my budget for frivolous expenses as I need all of the funding I can get to keep an ever aging fleet of trucks, tools, and Gear current to keep my personnel safe. The Fire Insurance Premium Tax is supposed to be set as a Local tax returning to Local emergency services to help reduce ISO numbers – a system the insurance world uses as a multiplier to set insurance rates. As we build better departments, our citizens pay less in premiums. The simple solution to this problem is to make the insurance premium rebate paid to fire departments state-wide a continuing appropriation at 100% of its value.

#### Problem 2:

The State Fire Marshall's Office needs more staff. There have been times when I have had to wait 8 plus hours for a State Fire Marshall Deputy to arrive on the scene of a structure fire to conduct an investigation. Waiting that long not only compromises scene evidence as it weathers and decomposes over time but also stretches our resources as someone needs to keep watch over any scene. On our volunteer department, that means that someone is likely missing work. Our Fire Marshal's office is short staffed and spread thin over a growing state. Another area that this office assists our departments is with building plan review. As a volunteer fire chief, I do not have the training, resources, or time to pour through the minutiae of a plan review of new or remodeled buildings, much less a \$400MM soy crush plant. I have utilized the expertise of this office multiple times when I needed further explanation of code requirements, help with enforcement, and investigation expertise. They are much needed and

appreciated, especially by the mostly rural fire service in this state who cannot afford to employ their own fire prevention/investigation specialists. They need more FTE's to fulfill their mission.

### Problem 3:

As volunteers, we struggle with training. The ND fire service needs a training division and a credentialing agency to make sure that firefighters in the state are trained in order to be safe, efficient, and effective. When people dial 911 they expect perfection. They want 5 brain surgeon decathletes to arrive in 3 minutes and solve all of their problems. And there are a lot of problems and areas of expertise that we are expected to deal with. Fire departments today are expected to be an all hazards agency. Having the expertise on staff to provide training in every area for small rural departments is extremely rare. We need the NDFA's instructors to fill those gaps and deliver that training. Career departments utilize the NDFA in a similar fashion. They are able to use NDFA props and instructors to teach classes in house rather than paying employees to travel out of state and then also paying back fill to replace those employees while they are gone for training. Along with the training, the NDFA is the agency that credentials the ND fire service responders. They set the standards for training so that we can justify our actions and action levels as we respond to people who dial 911. The NDFA needs a secure source of funding from the state.

I know that just throwing money at problems does not make them go away. You as legislators are justified in questioning the validity of our requests in SB 2211. This bill also outlines how each agency reports upward to each other in order for these funding sources to be paid. Fire departments reporting actions and results online through the National Fire Incident Reporting System and filing certificates of existence with the state outlining how funds were used; The Fire Marshal's office and the NDFA reporting to the Insurance Commissioner's office.

I am pleading with you. Please help the fire service in our great state. Please help us fix some of these problems so that we can better serve our citizens.

Thank You

John Hejl  
Chief, CFD  
701-238-3734  
Johnhejl32@gmail.com



North Dakota Firefighter 's Association  
1502 Grumman Lane, Suite 2

Bismarck, ND 58504

Phone: (701) 222-2799  
Fax: (701) 222-2899

[www.ndfa.net](http://www.ndfa.net)

February 14th, 2023

House Industry, Business, and Labor Committee

RE: Support for SB-2211

Chairman Louser and Members of the House Industry, Business, and Labor Committee

I am Robert Knuth, Training Director of the North Dakota Firefighter's Association. I stand before you in support of SB 2211.

The ND Firefighter's Association was first organized in Dakota Territory on June 4, 1884. In 1893 the North Dakota Legislature appropriated funds to promote the improvement and growth of an Association of Volunteer Firemen (S. L. 1893, Ch.65). The North Dakota Firemen's Association was incorporated on January 20, 1901. In 2001 the North Dakota Firemen's Association was renamed North Dakota Firefighter's Association.

The ND Firefighter's Association is identified in Century Code, Chapter 18-03-01.1. It states that the association shall: (1) develop and adopt a statewide fire education and training plan; (2) coordinate fire service training at all levels; and (3) establish procedures to govern the certification process for firefighter training.

The ND Firefighter's Association is dedicated to meeting the needs of a complex and dynamic fire service by providing programs of the highest quality. The ND Firefighter's Association's objectives and goals are: (1) to provide training programs designed to develop the basic and advanced skills necessary for students to be more influential members of the fire service and society; (2) to provide the best instruction and training possible in all areas of the fire service; (3) to serve the public at large by providing education services, training, and progression counseling; and (4) to provide a means to allow firefighters to demonstrate their ability to meet professional qualification standards.

Approximately 6,000 first responders are trained annually by the ND Firefighter's Association's cadre of adjunct instructors from fire departments throughout the state. Currently, the ND Firefighter's Association offers various fire-related courses ranging from entry-level to advanced management for chief officers. In addition to fire suppression classes, there are courses in various technical rescue, hazardous materials, terrorist response, and instructor qualifications. The ND Firefighter's Association also provides courses in specialized training through partnerships with the Federal Emergency Management Agency and the National Fire Academy. Classes are conducted throughout the state, as well as online. Some larger fire departments with their own local academies request to use the specialized training props through the ND Firefighter's Association for the most realistic training experience possible. The National Board on Fire Service Professional Qualifications accredits the ND Firefighter's Association's certification programs.



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In addition to assisting the fire department's ability to provide qualified emergency responders, the ND Firefighter's Association's efforts also directly benefit the state's citizens regarding their insurance costs. The cost of fire insurance for a local area is often based on the rating provided by the Insurance Services Organization (ISO). Much of that rating decision relies on the ability of the fire department to provide an adequate response with fire suppression capabilities, and training records are reviewed during the grading process.

The North Dakota Firefighter's Association's funding comes from numerous sources. Member departments pay annual dues, and occasionally, we receive funds from donations. However, our two most significant funding sources currently are the Insurance Tax Distribution Fund, which accounts for approximately 43% of our budget, and federal and state-level grants. These grants are competitive, and we must apply for them months before they may be awarded. The outcome of a competitive awarding process is not predetermined. These funds are dedicated to the proposed project and cannot be used to fund other items within our budget. ND Firefighter's Association also goes through the extra steps to ensure that the grants we apply for do not adversely affect any grant opportunity to any fire department in the state. Many of these grants come with a 10 - 20% matching funds requirement, which limits our ability to apply for or accept specific grants. Finally, these grants are reimbursable. If awarded these funds, I must first spend the money, considering the cost share we are responsible for, and apply for reimbursement from the grant source.

SB 2211 identifies a change in funding source for the ND Firefighter's Association from the Insurance Tax Distribution to the Insurance Regulatory Trust Fund. This change will benefit not only the Association but all fire departments in the state. While funded by the Insurance Tax Distribution Fund, NDFA received approximately 5.5% of the appropriated amount before any fire department received their distribution. Returning these funds to their budgets will allow the fire departments to improve their abilities to provide emergency services to their citizens and hopefully enable them to decrease their ISO rating, which would benefit their communities by facilitating lower premium costs. It would also allow the Association to continue providing the training and certification we currently do with minimal financial impact on the individual fire departments.

Standing before you today, stating that these amounts are insufficient for the North Dakota Firefighter's Association to conduct the training and certification testing we are directed to in the century code may seem hard to believe. However, I ask you to consider the following. As we do not have any full-time instructors on staff, we contract with firefighters from across the state to conduct training or evaluate certification tests. Very few grants we are eligible for can be used to pay these instructors for their time, mileage, or lodging cost. These grants also cannot pay the rent or utilities for our office and storage facility, fuel to transport our training props, pay our utilities, or fund additional staff we need. These funds come from our annual appropriation.



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SB 2211 will allow the ND Firefighter's Association to have a more stable budget. It will provide us the funding to continue applying for grants without the concerns of the matching fund requirements while allowing us to await reimbursement, which may take up to 30 days. It will enhance our ability to offer a broader range of instruction to the fire service of North Dakota, including more technical rescue and officer-level classes, without adversely affecting the individual fire departments. Finally, it will enable the association to build better programs to stay at the front of the ever-changing fire service technical advances making the North Dakota fire service an effective, safe, and reliable member of the state's emergency services.

I thank you for the opportunity to present this testimony today and would welcome the opportunity to answer any questions you may have.

Robert Knuth, Training Director  
North Dakota Firefighter's Association

**SENATE BILL NO. 2211**

**Presented by:**        **Jon Godfread**  
                              **Insurance Commissioner**  
                              **North Dakota Insurance Department**

**Before:**                **House Appropriations**  
                              **Representative Don Vigesaa, Chairman**

**Date:**                 **March 23, 2023**

Good morning, Chairman Vigesaa and members of the Committee. For the record, my name is Jon Godfread, Insurance Commissioner. I apologize for not being able to appear in-person this morning. I am writing to you today in support of Senate Bill 2211, which is an idea that was brought forth by the fire chiefs and fire service, and I look forward to continuing the conversation in the coming days and weeks.

Much of what Senate Bill 2211 does is realigns the State Fire Marshal's Office with the Insurance Department. The statutory requirements of the State Fire Marshal are already in line with what we do at the Insurance Department. This move to the Insurance Department would allow the State Fire Marshal to focus on what they are obligated to do under Century Code at an elevated level, which is to prevent fires, suppress arson, oversee combustibles, explosives, fire alarms, fire extinguishing equipment, and educate the citizens of North Dakota on the hazards of fire.

There are three main appropriation items included in SB 2211:

1. Restoring the Continuing Appropriation for the Fire Districts
2. A flat appropriation from the Insurance Regulatory Trust Fund of \$2.4M for the North Dakota Firefighter Association
3. Restoring the State Fire Marshal in the Insurance Department, shifting the funding to the Insurance Regulatory Trust Fund, and providing the necessary resources so they can achieve accreditation.

**Continuing Appropriation for Fire Districts (page 6, sections 13&14):**

Another major component of this bill is the need for a continuing appropriation for the tax monies collected on behalf of the fire districts. Funding for fire departments and fire districts comes from a couple of different sources (property taxes, benefits, etc.) but a significant portion of the funding has come from the insurance premium tax. The Department collects the premium tax and from that, the Legislature appropriates an amount up to 100% of the fire insurance premium tax revenue collected. This is essentially a pass-through fund, whereby we collect the tax and pass that collection on to the fire districts. This fund had a continuing appropriation from 1887 – 1985. Since 1985, funding to the fire districts has fluctuated between 101% of the funds to as low as 48% of the funds available. Senate Bill 2211 is asking that the continuing appropriation be restored; ensuring that the dollars that are intended to go to the fire districts actually go to the fire districts. The average consumer likely knows that a portion of their homeowner’s insurance premiums goes to funding fire departments. What they do not know is that a portion of those dollars are being diverted into the General Fund, roughly \$40M over the last 40 years. This biennium, we projected that an additional 1.63 million was transferred to the General Fund instead of going to the Fire Districts.

This move simply restores this critical funding stream for our local fire districts. There are others in the fire service that we can arrange to meet with the committee to provide greater detail, but I can tell you that demand for service has continued to increase. Many of those in the fire service in North Dakota are volunteer based and this change does not request an increase of new dollars to the fire service, it is simply restoring the funding stream that is collected and paid in support of the fire service.

**North Dakota Fire Fighters Association Appropriation (page 5, Section 11):**

Senate Bill 2211 introduces language to pay a flat amount to the North Dakota Firefighter’s Association (NDFA) from the Insurance Regulatory Trust Fund, instead of from the Fire Insurance Tax Distribution Fund. Traditionally a portion of the Fire Insurance Tax Distribution was appropriated to the NDFA. This resulted in a reduction of funds going to the Fire Districts

and was especially harder on the more urban departments that do not utilize the NDFA for training services. Currently, 94.5% of the insurance premium tax collected for the fire service goes to the Fire Districts and 5.5% would go to the NDFA. For example, in the 2021-23 biennium, the total amount appropriated from the Insurance Fire Tax Distribution Fund was \$20,728,540, of that 94.5% (\$19,588,470) went to the fire districts and 5.5% (\$1,140,070) went to the NDFA.

When I have brought the idea of the continuing appropriation before this body in the past, the reporting and oversight for the NDFA has often been one of the reasons cited for maintaining the biennial appropriation. With SB 2211, the NDFA will be working in concert with the State Fire Marshal and will be required to give the State Fire Marshal quarterly reports. This both maintains the autonomy the NDFA has earned and deserves, while providing the State Fire Marshal with the responsibility of oversight and reporting.

Last biennium the NDFA received \$1.14M from the Fire Insurance Tax Distribution Fund, SB 2211 is requesting \$2.4M to come from the Insurance Regulatory Trust Fund.. The State Marshal is the glue to bring all these components together to be successful. The oversight of NDFA from the State Fire Marshal helps this state grow and develop the fire service while having peace of mind regarding the funds you all allocate to NDFA. NDFA President Rob Knuth can help the committee to understand the importance NDFA has for rural communities and what this flat appropriation helps them achieve.

**Restoring the State Fire Marshal in the Insurance Department:**

The initial Fire Marshal budget from the Attorney General’s Office totaled \$2.16M and was made up of a combination of both General Funds (\$887,685) and Special Funds (\$1,275,214). Fire Marshal Nelson is able to testify more to this point, but we are requesting 4 additional FTEs for the Fire Marshal which results in an increase in salary, fringe, and operating costs. The Fire Marshal has not received an additional FTE for 40 years, despite significant growth in the state during that timeframe. Because of this, there are many areas of our state that are underserved by the core functions of the Fire Marshal’s Office. The total requested appropriation for the Fire

Marshal is \$3,370,000. This number does not include any equity or compensation packages from the governor.

This is a necessary investment for our State Fire Marshal to earn national accreditation. Currently, our State Fire Marshal's Office does not hold any accreditations, Accreditation for state fire marshals' offices is typically provided by the American National Standards Institute (ANSI) and the Commission on Fire Accreditation International (CFAI). The accreditation programs help to ensure that the state fire marshal's offices have the necessary resources, personnel, training, and equipment to meet the needs of their jurisdiction. The standards for accreditation are in part created by the Organization of Scientific Area Committees for Forensic Science (OSAC). The OSAC was established by the National Institute of Standards and Technology (NIST) in 2013, to develop and promote the use of national standards and guidelines in the forensic science community. A critical duty of the state fire marshal is fire investigations and cause and origin of all fires in our state, accreditation of our state Fire Marshals Office is important.

The accreditation process ensures that the State Fire Marshall's Office has implemented and maintains the highest standards for fire investigations. This accreditation is critically important for several reasons.

1. **Quality Assurance:** OSAC standards provide a framework for ensuring that fire investigations units have implemented and maintained proper management and technical procedures. This helps ensure that the results of fire investigations are accurate, reliable and scientifically sound, all of which are critical in the courtroom.
2. **Professionalism:** OSAC accreditation demonstrates that a fire investigation unit is committed to providing professional and competent services to criminal justice agencies, such as our Bureau of Criminal Investigation.
3. **Consistency:** OSAC Standards help to ensure that fire investigation units across the country are using consistent and appropriate methods for conducting fire investigations. This helps ensure that investigations are conducted in a fair, unbiased manner, regardless of location.

4. **Credibility:** OSAC accreditation provides a level of credibility and recognition that a fire investigation has met or exceeded national standards.
5. **Competitive Advantage:** Accreditation is more and more becoming a requirement for grants or other funding opportunities, and it can also help the fire investigation unit attract the necessary talent to join the Fire Marshals Office.

Additional performance measures will likely require additional funding for training, case reviews, and other needs. These necessary investments accomplish the goal of being accredited and having a common set of performance measures to be utilized by all Fire Investigation Units, and supported by the court system, enabling the State Fire Marshal to minimize the risk exposure of inadequate fire investigations.

We understand that we are asking for additional investment into our State Fire Marshal, and we believe with 4 additional FTEs and additional operating dollars our state Fire Marshal will be well on the way to receiving accreditation.

Our ask for the Fire Marshal is a total appropriation of \$3.37M. This is an increase of funds by \$1,207,101 from the budget submitted by the Attorney General for the State Fire Marshal.

Lastly, I wanted to walk through the fiscal note attached to this bill. For 2023, you will see an increase in expenditures from other funds (Insurance Regulatory Trust Fund) of \$1,207,101. This is the portion of the budget from the State Fire Marshals Office from the Attorney General, which is their special fund portion of their submitted budget.

You will also see a reduction in appropriations from the General Fund, which accounts for the \$887,685 previously funded from the Attorney Generals General Fund Budget.

Finally, you will see a negative appropriation from the other funds line. This is largely due to restoring the continuing appropriation for the fire districts. Moving to a continuing appropriation removes this line item from our budget. We arrived at this number by adding in the \$2.4M for the NDFA, the additional \$1.2M for investing into our State Fire Marshal and subtracting out the

\$19.5M continuing appropriation for the fire districts. This results in showing a reduced appropriation of \$15,981,369. But, again most of that is purely a budgetary shift of moving the fire district funding to a continuing appropriation.

To recap, much of what the fiscal note does is move General Fund dollars to other funds, or our special fund, the Insurance Regulatory Trust Fund. There is a positive net expenditure calculation for this purpose. It's not just moving the budget from the Attorney General's Office to the Insurance Department. We are committed to investing in the State Fire Marshal and giving the office the resources, they need to effectively administer their duties.

SB 2211 is the result of many conversations with all the stakeholders including the Attorney General, the Fire Chiefs, the Fire Fighter's Association, the cities, the counties, law enforcement, and just about anyone who would listen to me talk. All have met this idea with approval and support for our efforts. I can assure you; we have looked at this idea to try and find the negative impacts and it's our impression that this is truly positive for all involved.

I am very supportive of SB 2211. I think over the past 40 years the fire service has made a significant contribution to the finances of the state to the tune of approximately \$40M directly to General Fund. We are not asking for those dollars back, but I think it has come time to allow all monies collected for fire service to be allocated to fire service. I know this body will be tasked with balancing the budget, dealing with several critically important asks and ultimately will need to tell some groups no or not this year. The Fire Service has waited for over 40 years for the continuing appropriation to be restored, the Fire Marshal has not received a significant change in staffing or resources in over 30 years, the Fire Service has waited in line, have been responsible, patient, and have responded to the call as our state has changed dramatically in size and complexity. I would argue that the fire service has paid their dues, has contributed to the General Fund directly for the past 40 years, and now has brought forward an idea that will provide some investment into the fire service at a time when it is getting more challenging to recruit and retain volunteer firefighters and at a time when calls for service have continued to increase.

Our state has changed significantly over the past 40 years, as have many areas of government and even the fire service. SB 2211 recognizes those changes and brings the state investment into our fire service to a level we should all be proud of. I urge you, when balancing the needs of the state and determining where to appropriate the money that you approve SB 2211 as presented. Our fire service has done its part and I hope this body recognizes the opportunity you have to help the state do our part.

We look forward to expanding our relationship with Fire Marshal Nelson and his team in the Fire Marshal's Office, and we will continue to advocate for the necessary resources they need to carry out their statutory duties. The relationship between the fire service and the insurance industry is one that goes all the way back to the beginning of our great state. The insurance industry understands, probably better than most, that we all benefit from a strong fire service. It is for these reasons we stand in support of SB 2211 and encourage you and all your colleagues to do the same.

Mr. Chairman and members of the committee, thank you for your time in reading this letter. I am happy to meet with the committee in-person and look forward to this important discussion about the future of the fire service in North Dakota.