TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director

RE: Designated Commission Interim Study; Appropriate Basis for the Allocation of Fire State Aid (First Consideration)

DATE: August 15, 2003

Introduction

As a topic for consideration by the Legislative Commission on Pensions and Retirement during the 2003-2004 Interim, the Commission chair, Representative Steve Smith, has designated a review of the appropriate basis for the allocation of fire state aid.

The interim topic is an outgrowth of proposed pension legislation considered by the Commission during the 2003 Legislative Session; H.F. 427 (Strachan); S.F. 731 (Marko). H.F. 427 (Strachan); S.F. 731 (Marko) amends Minnesota Statutes, Section 69.021, subdivisions 7 and 8, which governs the manner in which fire state aid is apportioned and defines the population basis for use in apportioning one-half of the fire state aid, by shifting the population determinant from solely the decennial federal census to one of four population counts, either the most recent census, any special U.S. Census Bureau census, the annual Metropolitan Council population estimates, or the annual State Demographer population estimates.

This Commission meeting is the first consideration of the topic by the Commission. The Commission staff expects that full Commission consideration on the topic will require three meetings in total.

This Commission staff issue memorandum is the first issue memorandum for the Commission interim study. This Commission staff issue memorandum provides general background and historical information about the fire state aid and additional volunteer firefighter state aid programs, to set the stage for further consideration of the topic. The second Commission staff issue memorandum will present information on the role that fire state aid and additional volunteer firefighter state aid play in funding firefighter pension programs and the range of fire state aid amounts as a percentage of pension costs, the range of fire state aid amounts per firefighter, and the range of fire state aid amounts per fire run or other measure of fire department activity. The third Commission staff issue memorandum will survey some of the alternative potential bases for allocating State support for firefighters and firefighter pension coverage.

Background and Historical Information on the Fire State Aid Program

1. 1885 Creation of Fire State Aid. In 1885 (Laws 1885, Chapter 187), the fire state aid program was established. The 1885 fire state aid program dedicated one-half of the premium taxes (essentially one percent of premiums) collected by the State from fire insurance companies as fire state aid. The allocation of the fire state aid was on the basis of the amount of premiums received by the fire insurance companies for each city, town, village, or other municipal corporation that had previously filed a certificate of the existence of an organized fire department that had been in existence for at least one year and that had at least one fire engine, hook and ladder truck, or hose cart. The municipal certification, prepared by the municipal recorder or clerk, was required annually, no later than October 31, and was to include information on the number of fire engines possessed by the fire department, the number of hook and ladder trucks and hose carts actually used by the fire department, the system of water supply used by the fire department, and any additional information the insurance commissioner required. Fire insurance companies were required, by the subsequent July 1, to complete an insurance commissioner form that listed the various towns entitled to receive fire state aid by reporting the amount of the prior year's annual fire insurance premiums received in each of the named towns, cities, villages or other municipal corporations. The 1885 fire state aid was payable to the city, town, village, or municipal corporation treasurer and was required to be placed in a special municipal fund and expended, first, for the support and relief of firefighters who were injured or disabled in the line of duty and, second, for equipping and maintaining the fire department.

   The Minnesota Insurance Department was created in 1872 and Minnesota was one of the first states to regulate insurance business. The total insurance premium taxes paid to the State of Minnesota in 1880 were $28.4 million. In 1902, fire insurance premium taxes totaled $120,000, of which $60,000 was allocated as fire state aid. A. R. McGill, of St. Peter, was the Insurance Commissioner in 1885, when the fire state aid program was created, and became Governor of Minnesota for one term in 1887.

2. 1903 Revision of the Fire State Aid Program. In 1903 (Laws 1903, Chapter 20), the fire state aid program was revised. The principal revisions were an increase in the amount of the fire insurance premium tax that was dedicated to the program from one-half of the premium taxes collected to the total amount, the inclusion of the widow and orphans of firefighters as a permissible fire state aid expenditure, the expansion of fire state aid expenditure requirements to include firefighters who became sick or who were injured or disabled other than while on duty, the addition of a requirement that a municipality's fire state aid be paid directly to the relief association treasurer if there is an incorporated fire department relief association in the municipality that was organized with municipal consent, and the addition of a requirement that the public examiner examines the books of the relief association periodically. The fire state aid program was also clarified by the 1903 legislation as applicable to partially paid and partially volunteer fire departments as well as to organized fire departments.

3. 1943-1945 Increased Connection Between Fire State Aid and Firefighter Service Pensions. In 1943 (Laws 1943, Chapter 323), the prior authority to use the aid to purchase fire equipment and to cover other costs of operating the fire service was deleted. In 1945, (Laws 1945, Chapter 225) legislation was enacted that provided for the use of fire state aid for firefighting equipment purposes only if no firefighter relief association is associated with the department. That restriction on the use of fire state aid in the event that a firefighter relief association exists remains the applicable law to this date.

4. 1969 Revision of the Fire State Aid Program. In 1969 (Laws 1969, Chapter 1001), the Legislature substantially revised the fire state aid program. The 1969 Legislature extended the premium tax dedicated to the fire state aid program beyond fire insurance premium taxes paid by domestic mutual insurance companies to include township and farmers' insurance companies and to include lightening and sprinkler leakage insurance coverage, but excluded automobile and ocean marine fire business. Nonprofit firefighting corporations that have a relief association or a retirement plan were also included in the fire state aid allocation. The qualification requirements for fire state aid were augmented, with the addition of fire department minimums, including at least ten firefighters, regular meetings and drills, at least one motorized fire truck of a minimum size, housing for fire apparatus, and a mechanism for sounding a fire alarm, with the fire department to be inspected by the state fire marshal. The fire state aid apportionment method also changed from a system based on the geographical location of the insured property to a system with the geographical location of the insured property to a system with one-half based on the relative population size, based on the last federal census, and one-half based on the relative property value. The initial allocation was on a county basis and, within a county, on a firetown basis. Provision was also made for allocating the population and property value of firetowns served by more than one fire department.

   The 1969 fire state aid program changes were prompted by a growing dislike in the firefighting community with the prior system based on insurance company reporting of premiums, because fire insurance agents were not correctly identifying the firetown associated with each municipality and nonprofit firefighting corporation or with each property, and the resulting fire state aid allocations for some municipalities were consequently greatly overstated and for some municipalities were greatly understated. The 1969 changes were proposed by a special working group operating under the auspices of the Legislative Research Committee. The special working group took extensive testimony from representatives of the firefighting community.

5. 1988 Fire and Related Insurance Premium Tax Changes. In 1988 (Laws 1988, Chapter 719, Article 2, Sections 1 to 5), the Legislature began altering the fire insurance premium tax base, the fire insurance premium tax rates, and the relationship between tax revenues and fire state aid. As of 1987, the Minnesota tax system gave preferential treatment to a segment of Minnesota companies. Minnesota mutual insurance companies, including township and farmers' insurance companies, paid a premium tax of two percent of the premiums for Minnesota properties on fire, lightning, and sprinkler damage leakage premiums. Other Minnesota-based insurance companies and all non-Minnesota-based insurance companies paid a two percent tax on a broader base of all premiums for any type of insurance written for Minnesota clients, except for certain marine insurance, including policies written on workers' compensation, automobile, aircraft, and the liability portion of homeowners insurance, commercial multiple peril insurance, farm owners multiple peril insurance, and the extended coverage fire policies.

In 1988, the Legislature created a uniform premium tax base for all insurance companies but created differential tax rates. The changes were in response to court cases from other jurisdictions. A few years earlier, several insurance companies successfully challenged the state challenged the states of Alabama and North Dakota for giving domestic (located in that state) companies preferential premium tax treatment. The United States Supreme Court ruled the preference given to domestic companies in those states was discriminatory and unconstitutional, based on an equal protection argument. To avoid a similar successful challenge in Minnesota, the 1988 Legislature changed the insurance premium tax system, although it in effect substituted one form of discrimination for another. The Legislature created a uniform insurance premium tax base for all companies, but varied the tax rate according to the nature of the insurance products sold and the company's asset size. The premium tax base is the net premiums on all direct business received by the insurer in this state. To the premium tax base are applied the insurance premium tax rates. Life insurance companies, and other insurance companies having assets on December 31, 1989 of more than $1.6 billion, were required to pay a two percent tax on the base. Other insurers were required to pay a lower tax rate. For those insurers subject to the lower base, the rate changes were phased in. On premiums paid on January 1, 1989, and before January 1, 1992, the tax was one percent. As of January 1, 1992, and thereafter, the rate was one-half of one percent.

The 1988 Legislature decided to insulate the fire state aid recipients from the changes in tax collections by severing the relationship between the tax collection amount and the aid distribution amount. Despite the tax rate and tax base change, the aid base and the rate used to compute the fire state aid was to remain the same. The Department of Revenue, using the information contained in the Minnesota Firetown Premium Reports, was to compute an amount of revenue equal to two percent of the reported premiums for fire, lightning, sprinkler leakage, and extended coverage policy premiums. The balance of the computed aid amount above the actual premium tax collections was appropriated from the State General Fund through an open appropriation and distributed as fire state aid.

6. <u>1991 Fire and Related Insurance Premium Tax Changes</u>. In 1991 (Laws 1991, Chapter 291, Article 13), the Legislature reversed the policy of insulating fire state aid recipients from changes in tax collections and the tax amounts dedicated to the program were limited to the amount generated by the actual fire insurance premium tax rates in effect, which for mutual insurance companies under $1.6 billion in assets as of December 1, 1989, is less than two percent on insurance premiums reported for fire, lightning, sprinkler damage, and extended coverage.

   Also in 1991, the initial step in allocating fire state aid by apportioning the fire insurance premium tax proceeds between counties was eliminated. For the municipalities in some counties, the new procedure produced considerably lower fire state aid due to two effects, the within-county distributional effect and the effect of the treatment of "unprotected lands." The within-county distributional effect occurs in a county that has a relatively low population and where that population is not uniformly distributed within the county. Under the pre-1991 distributions, a relatively populated municipality in a sparsely populated county could receive a larger share of aid than it would in 1991 and later allocations. In 1989, the fire state aid was allocated first to the counties based half on gross tax capacity relative to the entire state and half on population of the county relative to the entire state. Next, the resulting county total fire state aid was reallocated to the municipalities and fire districts using similar allocation factors based on local gross tax capacity and population figures. For example, in 1989, Cook County received $22,010 in total fire state aid. Of this amount, $16,527 was due to its tax capacity and only $5,483 was due to its population. The fire state aid due to tax capacity in this case was roughly three times the aid due to population. However, to determine a municipality's share of this county total fire state aid, while most of the county's aid total was due to relative tax capacity, when the aid is redistributed to the municipal level half, $11,005, will be allocated based on population. This favored jurisdictions with relatively high population in low population counties. This advantage for these towns ended when the county allocation was eliminated in the 1991 and later allocations, causing each municipality to receive aid based directly on its share of property wealth and population relative to the statewide totals. A few counties had lower fire state aid under the post-1990 distributions because of the effect of a change in recognizing unprotected lands within the counties. Unprotected lands are areas that are not served by a qualifying fire department. Under the pre-1991 fire state aid allocations, property wealth and population in unprotected lands were reflected in the aid allocated to the county. This total county-level aid was then distributed only among the municipalities and fire protection districts. When the county-level allocation was eliminated in 1991, population and property wealth lying outside a municipality or fire protection district was no longer reflected. The municipalities and fire protection districts in counties with significant unprotected lands would lose fire state aid relative to earlier distributions. Most counties have little or no unprotected land and thus were not impacted by the different treatment of unprotected lands under the post-1991 allocation system. However, several counties have considerable unprotected lands, including Cook, Lake of the Woods, Koochiching, and Clearwater, causing this different treatment to have a major impact on the fire state aid received.

7. <u>1995 Fire Insurance Premium Tax Increase</u>. In 1995 (Laws 1995, Chapter 264, Article 9), the various insurance premium taxes were increased and the revenue available for the fire state aid program was also increased. The 1995 Legislature increased the insurance premium tax rates for town and farmers' mutual insurance companies and for mutual property casualty companies with assets no greater than $1.6 billion. The pre-1995 insurance premium tax rate for these mutual insurance companies was one-half of one percent of the amount of all premiums. The rate was increased by the 1995 Legislature to two percent of all life insurance premiums, one percent of all other insurance premiums for all town and farmers' mutual insurance companies and for the smaller mutual property and casualty companies (assets of no more than $5 million) and 1.26 percent of all other insurance premiums for the larger mutual property and casualty companies (assets over $5 million and no greater than $1.6 billion). The 1995 Legislature increased the insurance premium tax revenue dedicated to the fire state aid program and the police state aid program. For the fire state aid program, the dedicated revenue was increased from the amount of insurance premium taxes collected on fire, lightning, sprinkler leakage, and extended coverage insurance, to the greater amount of either 107 percent of the fire, lightning, sprinkler leakage, and extended coverage insurance premium taxes collected or an amount equal to one percent of the fire, lightning, sprinkler leakage, and extended coverage premiums written by town and farmers' mutual insurance companies and by mutual property and casualty companies with assets not exceeding $5 million and to two percent of the fire, lightning, sprinkler leakage, and extended coverage premiums written by all other fire risk insurers.

8. <u>1996 Minimum Fire State Aid/Volunteer Firefighter Additional Fire State Aid</u>. In 1996 (Laws 1996, Chapter 438, Article 4, Sections 2 and 9), the Legislature decided to implement a minimum fire state aid floor for volunteer firefighter relief associations that currently receive a disproportionately small amount of fire state aid on a per active member (1993 count) basis. The fire state aid floor is funded from sources other than the insurance premium tax structure. Thirty percent of any unallocated amortization or supplemental amortization state aid (caused by payment of a thirteenth check by the Minneapolis Police or Minneapolis Fire Relief Associations, or by a police or paid fire relief association or consolidation account reaching full funding) is to be used to establish a minimum fire state aid amount for volunteer fire relief associations. The aid is to be allocated to the relief associations so that all municipalities or fire departments with volunteer firefighter relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter, based on a maximum of 30 firefighters. The amount of the minimum fire state aid is a function of the amount of the funding available. The 1996 minimum fire state aid program was intended to resolve shortcomings in the pre-1996 fire state aid program. The principal shortcoming is in the fire state aid allocation procedure, since that procedure does not consider the ability of the local area to finance fire-related services. Areas with high property wealth are generally areas with a high average income, suggesting that considerable fire state aid is going to areas with the highest ability to finance fire services locally. Areas with relative low property wealth and low population receive little fire state aid under the base formula, but the need for fire protection services could be relatively high due to the age or nature of the insurable property. The minimum fire state aid was an effort to address a longstanding concern that the post-1969 fire state aid provides unreasonably low aid amounts per firefighter in many communities in the state. Many jurisdictions were receiving well under $100 per firefighter before 1986. After the new aid system was introduced, the floor aid per eligible firefighter was increased to slightly over $260 per firefighter.

   To address the inadequate funding to the many jurisdictions receiving minimal amounts of state fire tax aid, the Legislature tapped another money source and directed the additional aid to those recipients receiving the least aid per firefighter. The money source was the unallocated aid in the police and paid fire amortization and supplemental amortization aid programs. The amortization aid programs were established around 1980 to provide additional funding to police and paid fire relief associations that were closed to new members. Amortization aid is not paid to the Minneapolis police or fire relief associations if those associations pay a thirteenth check, and the amortization aids also are terminated for any relief association or consolidation accounts that become fully funded. Due to these events, some of the appropriation set aside for amortization and supplemental amortization aids is not allocated. Under the 1996 law, 70 percent of this unallocated amortization aid is reallocated to the Minneapolis Teachers Retirement Fund Association (MTRFA) and the St. Paul Teacher Retirement Fund Association (SPTRFA), and 30 percent is used to fund the minimum floor fire state aid program. The revenue allocated to the minimum floor fire state aid program is targeted to those volunteer fire relief associations that receive low aid per firefighter under the state fire tax aid program. The firefighter count used in the allocation procedure is the number of firefighters, not to exceed 30 firefighters, in each relief association in existence in 1993. The minimum floor fire state aid program brings the funding for those associations receiving the least aid per firefighter up to a higher, uniform level.

9. 1999 Minimum Fire State Aid Amendments. In 1999 (Laws 1999, Chapter 222, Article 5), the Legislature modified the minimum fire state aid/additional volunteer firefighter state aid program by making municipalities with volunteer firefighter relief associations established after 1993 eligible for inclusion in the minimum floor fire aid distribution, using the 1998 member count for those post-1993 relief associations, but not to exceed 30 firefighters.

Program Elements of the Fire State Aid Program

1. Establishment. The fire state aid program was initially established in 1885 (Laws 1885, Chapter 187). The program is codified in Minnesota Statutes, Sections 69.011 through 69.051.

   The fire state aid was initially intended to assist municipal and other fire departments in obtaining firefighting equipment and in providing firefighter pension coverage. In 1943, for municipalities and nonprofit firefighting corporations with fire pension coverage, the fire state aid was dedicated to fire pension funding.

   Fire state aid is payable to municipalities and fire departments with paid or volunteer fire fighters or with a combination of paid and volunteer firefighters.

2. Source of Fire State Aid Revenue. The fire state aid program is primarily funded from a premium tax on various types of minimum coverage, primarily fire insurance. For the fire state aid program, the dedicated revenue is the greater of either 107 percent of the fire, lightning, sprinkler leakage, and extended coverage insurance premium taxes collected or an amount equal to one percent of the fire, lightning, sprinkler leakage, and extended coverage premiums written by town and farmers' mutual insurance companies and by mutual property and casualty companies with assets not exceeding $5 million and to two percent of the fire, lightning, sprinkler leakage, and extended coverage premiums written by all other fire risk insurers.

   A minimum fire state aid floor, funded from a portion of local police and paid fire relief association amortization aid or supplemental amortization aid freed up by fully funded pension plans, targeted at volunteer firefighter relief associations that would otherwise receive a disproportionately small amount of fire state aid on a per-active-member basis, was established in 1996 and is summarized in the next section below.

   Total fire state aid has increased over time, as follows:

Year	Total Fire State Aid	Annual Percentage Increase	Aid to Volunteer Firefighters	Annual Percentage Increase	Aid to Paid Firefighters	Annual Percentage Increase
1988	$10,840,404	--	$7,528,581	--	$3,311,823	--
1989	10,923,145	0.76%	7,601,263	0.96%	3,321,882	0.30%
1990	10,872,111	(0.47)	7,508,647	(1.22)	3,363,464	1.25
1991	10,491,446	(3.50)	7,650,439	1.89	2,841,532	(15.52)
1992	10,530,014	0.37	7,716,007	0.85	2,814,007	(0.97)
1993	9,997,957	(5.05)	7,349,215	(4.75)	2,648,742	(5.88)
1994	10,665,543	6.68	7,869,847	7.08	2,795,696	5.55
1995	11,336,631	6.29	8,405,060	6.80	2,931,571	4.86
1996	14,797,126	30.52	11,006,256	30.95	3,790,870	29.31
1997	15,148,160	2.37	11,476,519	4.27	3,671,641	(3.15)
1998	16,088,768	6.21	11,976,222	4.35	4,112,546	12.01
1999	16,682,376	3.69	12,419,342	3.70	4,263,034	3.66
2000	17,265,502	7.31	12,879,980	3.71	4,385,522	2.87
2001	17,964,376	4.05	13,595,203	5.55	4,369,173	(0.37)
2002	19,912,608	10.84	14,930,886	9.82	4,981,722	14.02

3. Qualification Requirements for Receipt of Fire State Aid. Before 1969, fire state aid was provided to municipalities that had an organized fire department upon the filing of a certificate by the municipal clerk stating that the fire department exists, stating that the fire department does not employ any minor under age 18, and indicating the fire department's water supply, the number for fire department

organized companies, the number of fire department engines and trucks, the number of hose carts in use, and the number of hose feet in use.

In 1969, the qualifications for fire state aid were increased. Municipalities and independent nonprofit firefighting corporations using paid, volunteer, or a combination of paid and volunteer firefighters can qualify to receive state aid. To determine which municipalities and independent nonprofit firefighting corporations qualify for the aid, the municipal clerk or the secretary of the nonprofit firefighting corporation, if appropriate, and fire chief certify by March 15 of each year to the Department of Revenue that a municipal fire department or nonprofit firefighting corporation exists which meets minimum required standards for the aid. These standards include a requirement that the fire department or nonprofit firefighting corporation be in existence at least one year, that it have at least ten paid or volunteer firefighters, that regularly scheduled meetings are held for training and equipment maintenance, and that the department has at least one fire truck and other necessary firefighting equipment.

4. Allocation of Fire State Aid. Initially, fire state aid was allocated to the various municipalities and independent nonprofit firefighting corporations based on the amount of fire insurance written in that firetown, as identified by the various insurance agents and insurance companies. The allocation method eventually proved problematic, in part because of errors made by insurance company agents in identifying applicable firetowns.

   In 1969, the allocation method was shifted to a combination of population ranking and property value ranking. One half of the fire state aid was distributed in proportion to the population according to the last federal census and one half was distributed in proportion to property market values, excluding mineral values but including tax-exempt property. This allocation method reflected an assumption that local property values and population relative to the whole state reflect the relative need for fire protection services.

   In 1996, for municipalities and independent nonprofit firefighting corporations with wholly volunteer fire departments, and additional allocation of aid is made to bring the municipal or corporation total up to the minimum volunteer firefighter fire state aid amount multiplied by the total number of active volunteer firefighters to a maximum of 30 firefighters.

5. Permissible Use of Fire State Aid. Initially, in 1885, fire state aid could be used to provide firefighters with pension coverage or to maintain the fire department, including the purchase of fire equipment. In 1943, the fire state aid was dedicated solely to firefighter pension funding if the firefighters have pension coverage. For municipalities and nonprofit firefighting corporations where the associated firefighters do not have pension coverage, fire state aid must be used to maintain the fire department or purchase fire equipment.

Program Elements of the Minimum Volunteer Firefighter State Aid Program

1. Establishment. The minimum volunteer fire state aid program was enacted in 1996 (Laws 1996, Chapter 438, Article 4, Section 2). The program is codified as Minnesota Statutes, Sections 69.021, Subdivision 7, Paragraph (d), and 423A.01, Subdivision 7, Paragraph (a). The minimum fire state aid program was an effort to address a longstanding concern that the fire state aid provides unreasonably low aid amounts per firefighter in many communities in the state. Many jurisdictions were receiving well under $100 per firefighter before 1986. After the new aid system was introduced, the floor aid per eligible firefighter was increased to slightly over $260 per firefighter.

2. Source of Minimum Fire State Aid. Thirty percent of any unallocated amortization or supplemental amortization state aid is dedicated as a minimum fire state aid amount for volunteer fire relief associations. Amortization state aid and supplemental amortization state aid becomes unallocated when there is the payment of a thirteenth check by the Minneapolis Fire Relief Association or by the Minneapolis Police Relief Association or when a former local police or paid firefighter consolidation account became fully funded.

   The amount of amortization state aid and supplemental amortization state aid dedicated to the minimum fire state aid (and added to the fire insurance premium tax equivalent amount dedicated to pension purchases and already included in the total fire state aid in the preceding section) is as follows:

Year	Total Additional Aid Dedicated to Volunteer Firefighters	Annual Percentage Increase

Year	Total Additional Aid Dedicated to Volunteer Firefighters	Annual Percentage Increase
1996	$663,788	--
1997	667,610	0.58%
1998	974,076	45.90
1999	1,034,608	6.21
2000	1,210,366	16.99
2001	1,065,323	(11.98)
2002	1,846,119	73.29

3. Qualification Requirements for the Receipt of Minimum Fire State Aid. The minimum volunteer firefighter fire state aid is payable to municipalities with volunteer firefighters and with fire state aid calculated on the basis of relative property value and relative population that is modest, with these minimum receipt municipalities brought up to the minimum fire state aid amount for firefighters, not to exceed 30, until the funding dedicated for the program is exhausted. Roughly half of the municipalities with volunteer firefighter relief associations receive some minimum fire state aid amount.

4. Allocation of Minimum Fire State Aid. The minimum fire state aid program is targeted to volunteer fire relief associations that receive low aid per firefighter under the state fire tax aid program. The firefighter count used in the allocation procedure is the number of firefighters, not to exceed 30. The minimum floor fire state aid program brings the funding level for those associations receiving the least aid per firefighter up to a higher, uniform level.

5. Permissible Uses of Minimum Fire State Aid. Minimum fire state aid is included in the fire state aid allocation and is subject to the same permissible use as fire state aid.

Conclusion

This Commission staff issue memorandum is intended to set forth the available information on the topic of the Commission interim study, the fire state aid programs, and the historical development of those programs. By providing this basic information, the Commission staff issue memorandum attempts to provide a basis for a Commission review of the fire state aid program and the appropriateness of the current fire state aid allocation method.