

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Banking and Insurance Committee

BILL: CS/SB 2282

INTRODUCER: Banking and Insurance Committee and Senators Bennett and Lynn

SUBJECT: First-Responder Services

DATE: March 17, 2009 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Emrich	Burgess	BI	Fav/CS
2.			CA	
3.			FT	
4.			WPSC	
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

Committee Substitute for Senate Bill 2282 prohibits counties and cities from imposing fees or obtaining reimbursement for costs incurred for services provided by first responders (law enforcement officers, firefighters or emergency medical technicians or paramedics), including volunteer first responders, in response to a motor vehicle accident, except for transportation and treatment provided by ambulance services.

This bill creates the following sections of the Florida Statutes: 125.01045 and 166.0446.

II. Present Situation:

Motor Vehicle Accident Response Fees Imposed by Counties and Municipalities

Florida counties and municipalities are afforded broad constitutional and statutory home rule powers with expansive legislative and service delivery authority.¹ Counties have legislative and service delivery authority countywide for county purposes and within the unincorporated area for

¹ Article VIII, Florida Constitution. However, such powers cannot be inconsistent with general law.

municipal functions and services.² Likewise, municipalities have similar authority within their boundaries.³

During the 2008 interim, professional staff with the Senate Committee on Banking and Insurance studied the issue of local governments imposing fees for providing police and fire services to persons involved in motor vehicle accidents and published its report: *Cities and Counties Charging "Accident Response" Fees to Drivers and Insurers* (Issue Brief 2009-303). The report found that in an effort to balance budgets in order to continue vital services and as an alternative to raising taxes, about two to three dozen counties and cities in the state had begun imposing "accident response fees" on drivers and their insurers for the delivery of police and fire services including personnel, supplies and equipment to the scene of auto accidents within their jurisdictions. Local governments generally take the position that these are not taxes, but user fees charged in exchange for services which benefit the party paying the fee, i.e., the driver involved in an accident, and are applied solely to pay for the cost of the services. In Florida, average police response fees range from \$180 to \$200 per accident while fees range from \$600 to \$800 for fire service responses. The amounts collected are normally placed into a special fund used exclusively for the personnel, supplies and equipment for the police or fire services provided.

Senate professional staff obtained accident response fee ordinances from four counties (Escambia, Martin, Sumter and Washington) and 10 cities (Bellevue, Chiefland, Cocoa, Hialeah, Lauderdale Lakes, Longwood, Ocala, Tallahassee, West Melbourne and Winter Park). The county provisions were all enacted within the past two to three years, assess fees for fire and rescue services only and impose fees on parties to an auto accident regardless of fault. In justifying its accident response fee, the Escambia County ordinance provides that it "would not be fair to local property owners" to raise current property taxes to fund fire and rescue services since many of the accidents in the county involve individuals not owning property or paying property taxes in its jurisdiction.⁴ The ordinance further provides that should a party (or insurer) not pay the fee, the county may enforce payment by initiating collection procedures or commencing civil action in a court for any amounts due plus administrative collection costs and attorney's fees and may record a lien upon the individual's real or personal property. Escambia County imposes its fee on both resident and non-resident drivers/owners (and their insurers); Martin County assesses its fee on non-resident vehicle owners only (not their insurers);⁵ Sumter County levies its fee upon non-resident vehicle owners (and their insurers) and only on a resident's auto insurer;⁶ and, Washington County imposes its fee on both resident and non-resident drivers/owners (and their insurers) so long as the accident occurs in the unincorporated area of the county.

The amount of the fees imposed range among the jurisdictions: a fire/rescue service fee in Sumter County based on an hourly rate is \$200 (fire chief), \$75 (firefighter), \$500 (rescue vehicle) and \$500 (tanker); in Martin County, the hourly rate is \$700 (vehicle fires), \$500 (simple extrication), and \$1,000 (complex extrication). The Escambia and Sumter county

² Chapter 125, F.S.

³ Chapter 166, F.S.

⁴ Similar language is contained in the Bellevue, Chiefland and West Melbourne ordinances.

⁵ The Martin County fee is for the extrication of persons from vehicles and the extinguishment of vehicle fires.

⁶ Sumter County will not bill drivers/owners who are covered by Medicare or Medicaid if such programs do not provide coverage for auto accident recovery fees.

provisions designate third parties to bill and collect the fees whereas Martin and Washington counties operate their own program. According to Martin County representatives, they collect about 30 to 40 percent of the fees assessed.

Like the county provisions, the municipal accident response fee ordinances were enacted within the past several years, but unlike the county laws, most of the city provisions pertain to police response services.⁷ A majority of the cities impose fees on all vehicle owners/drivers (and their insurers) regardless of which driver was at fault⁸ while other ordinances specify that the fee will be assessed only against the insurer of the “responsible” party. A few of the provisions impose fees against the at-fault driver, but if there is not a determination of fault, the fee is borne proportionately by all drivers involved. In one city, the fee is charged directly to the responsible driver even if the individual did not have insurance.⁹ The Lauderdale Lakes provision imposes its fees against a driver who is under the influence of alcoholic beverages or controlled substances to the extent that his/her normal faculties are impaired and the driver must be the “proximate cause of the accident or a substantial causative factor of an accident.” The ordinance sets forth standards of impairment and testing methods as to the amount of alcohol or controlled substances. Failure to pay the accident response fee constitutes a misdemeanor, punishable upon conviction by a \$500 fine. Typical city fees based on an hourly rate range from \$28 for a police officer and \$154 for a vehicle (Ocala and Longwood) to \$435 for an emergency fire/rescue response to an accident where no injuries are found (Winter Park). According to Ocala authorities, over the past six months they collected 37 percent of accident response fees from insurers.

Florida local governments either administer the billing and collection of accident response fees or utilize the administrative services of third-party vendors who may charge up to ten percent of the collections. The procedure is straightforward: a copy of the police accident report is obtained which contains the names/addresses of the parties involved (and their insurers),¹⁰ the police or fire services are calculated according to the fee schedule, and the parties (and insurers) are billed depending on the provisions of the particular ordinance. According to representatives with Cost Recovery Corp., a company specializing in police and fire department billing, 56 percent of the auto insurers pay accident response fees (nationwide). Local governments in Florida imposing the accident response fee justify its imposition by stating that fire and police services provided for auto accidents are outside the scope of core law enforcement and fire duties. Traffic crashes are civil situations caused by negligent drivers and the attendant services provided by fire and

⁷ The Belleview, Chiefland, Ocala and West Melbourne provisions apply only to police services; the Cocoa and Longwood ordinances apply to both police and fire services; the Lauderdale Lakes provision applies to police, fire and emergency medical services (ambulances), the Hialeah law applies to fire and associated emergency response services and the Tallahassee and Winter Park laws covers fire services only.

⁸ For example, the City of Tallahassee fire response ordinance applies to “all” motor vehicle accidents and does not mention whether the at-fault driver will pay the fee.

⁹ West Melbourne ordinance.

¹⁰ Under current law (s. 316.065, F.S.), the driver of a vehicle involved in a crash resulting in injury or death of any persons or damage to any vehicle or other property in an amount of at least \$500 must immediately give notice of the crash to the local police department (if the crash occurs within a city) or to the county sheriff or the Highway Patrol. A violation of this provision constitutes a noncriminal traffic infraction under ch. 318, F.S. Law enforcement officers investigating a motor vehicle crash which resulted in death or personal injury must write a crash report and forward such report within 10 days to the Department of Highway Safety and Motor Vehicles (DHSMV) (s. 316.066, F.S.). Each party to the crash must provide the law enforcement officer with proof of insurance to be included in the crash report (s. 316.066, F.S.).

police do not benefit local taxpayers. Government officials assert that providing accident response services detracts from the ability of fire and police officers to serve and protect their own taxpayers or residents.

Most auto insurers contacted by professional staff have not adopted a consistent approach on the issue of accident response fees, given the lack of statutory direction and the lack of clear case law on the subject. Some insurers evaluate whether to pay the fees on a case by case basis based on the specific circumstances of the accident, the language in the local ordinance and the policy provisions. Many large insurers question the validity of the fees and refuse to pay them, arguing they are improper user fees because local residents already pay for these services through property taxes. Responding to and investigating auto accidents have traditionally been handled by local police and fire departments and such responses have never been covered in insurance policies.

Under Florida's no-fault law, PIP (personal injury protection) covers reasonable medical expenses, including ambulance transportation, but expenses related to accident responses are not covered.¹¹ Liability coverage pays for damages caused by the insured to another person's vehicle or property (property damage liability) or for injury to others (bodily injury liability) if the insured is legally liable. Insurers contacted by professional staff generally assert that accident response fees are not covered under liability policies. If insurers start paying these fees, insurance premiums will increase, company representatives argue.

Authority for Local Governments to Charge Accident Response Fees

Counties and cities do not have authority to levy taxes, other than ad valorem taxes, except as provided by general law.¹² However, such entities do possess authority to impose user fees or assessments by local ordinance because such authority is within the constitutional and statutory home rule powers of local governments.¹³ A key distinction between a tax and a fee is that fees are voluntary and benefit particular individuals in a manner not shared by others in the public.¹⁴ A tax is a "forced charge or imposition, operating whether we like it or not and in no sense depends on the will or contract of the one on whom it is imposed."¹⁵ Florida courts have not yet ruled on the issue of whether accident response fees are taxes, which would require general law authorization, or are valid user fees, and professional staff is unaware of any legal challenges to these fees in Florida. Courts may find that accident response fees constitute valid user fees and are not taxes because the fees are voluntary in that they can be avoided by not operating a vehicle in the county/city jurisdictions which impose the fee and that the fees benefit the persons

¹¹ Florida law only requires drivers to have PIP coverage of \$10,000 and property damage liability coverage of \$10,000. (s. 627.736, F.S.)

¹² Article VII, section 1(a), Florida Constitution.

¹³ *City of Boca Raton v. State*, 595 So.2d (Fla. 1992).

¹⁴ *City of Miami v. Quik Cash Jewelry & Pawn, Inc.*, 811 So.2d 756 (Fla. 3rd DCA 2002) (holding that a fee charged to pawnshop owners to cover the cost of police inspections of pawn shops is a constitutionally permissible fee and not a tax because the fee is voluntary and benefits the pawnshop owners in a manner not shared by others). User fees are based on the proprietary right of the governing body and are charged in exchange for a particular governmental service which benefits the party paying the fee in a way not shared by other members of society, and they are paid by choice in that the party paying the fee has the option of not utilizing the governmental service and thus avoiding the charge. *State v. City of Port Orange*, 650 So.2d (Fla. 1994).

¹⁵ *Quik Cash*, 811 So.2d at 758-59.

involved in vehicle accidents in a manner not shared by persons not involved in vehicle accidents.

However, even if accident response fees are found to be valid user fees which can be imposed on drivers/owners involved in accidents, such fees are not necessarily covered by a driver's auto insurance. To the extent these ordinances attempt to create coverage for the imposed fees (by implicating that the fees are part of bodily injury or property damage liability coverages),¹⁶ this attempt infringes upon the Florida Legislature's exclusive authority to regulate insurance. Local governments cannot legislate on subjects that have been preempted exclusively by the state.¹⁷ Additionally, these ordinances may be subject to a challenge that they impair the obligations of contracts by directly affecting the contractual rights between the insurer and the insured.¹⁸ The standard auto policy does not provide for coverage for accident response fees according to insurers, and to the extent these ordinances attempt to rewrite the insurance contract to cover a category which was not bargained for by the parties, the constitutional prohibition against laws that impair contracts must be considered.¹⁹

Auto insurers in some states have successfully challenged the imposition of accident response fees based on equal protection grounds (imposition of the fees only on non-resident as opposed to resident drivers) and under a common law doctrine known as the "free public services doctrine" (also known as the "municipal cost recovery rule") which provides that a government entity cannot recover from a tortfeasor the costs of public services occasioned by the tortfeasor's wrongdoing.²⁰ The theory underpinning the doctrine is that local governments are to provide core services for the public and pay for these services by spreading the costs to all citizens through taxation. Although this doctrine has not been specifically adopted by a Florida court, it has been adopted in other jurisdictions and an argument can be made that the instant fees would be barred under the free public services doctrine.

States That Prohibit Accident Response Fees

Five states have banned their local governments from imposing accident response fees primarily because lawmakers view such assessments as invalid or inappropriate user fees. In 2007, Missouri outlawed this practice by prohibiting local entities from imposing such fees on insurers, vehicle owners or drivers for law enforcement agencies responding or investigating motor vehicle accidents. That same year, Pennsylvania prohibited its cities from charging these fees incurred as a result of police responding to a motor vehicle accident. In 2008, Tennessee prohibited local entities from imposing law enforcement accident response fees on insurers, drivers or owners of motor vehicles, but made an exception for ambulance services provided in

¹⁶ Several of the ordinances state that the fees represent an "add-on cost of the claim for damages to the vehicle, property and/or injuries sustained by the vehicle occupants."

¹⁷ *Tallahassee Memorial Regional Med. Ctr. Inc. v. Tallahassee Med. Ctr., Inc.*, 681 So.2d 826 (Fla. 1st DCA 1996). The State of Florida has adopted an insurance regulatory scheme that comprehensively regulates all aspects of the insurance contract between the insurer and the insured. See, e.g., Chapter 627, Part XI, F.S., ("Motor Vehicle and Casualty Insurance Contracts"); McCarran-Ferguson Act, 15 U.S.C. 1011 (providing for state regulation of insurance).

¹⁸ Article I, section 10 of the Florida Constitution prohibits laws impairing the obligation of contracts.

¹⁹ *State Farm Mut. Auto. Ins. Co. v. Hassen*, 650 So.2d 128 (2d DCS 1995).

²⁰ *City of Flagstaff v. Atchison, Topeka & Santa Fe R. Co.*, 719 F.2d 1077 (D.C. Cir. 1984). The Court found that the cost of public services for fire protection is to be borne by the public as a whole, not assessed against the tortfeasor whose negligence created the need for the service.

conjunction with emergency responses to accidents. Indiana also banned its political subdivisions from collecting accident fees from drivers or other persons for police agencies responding to or investigating auto accidents. Georgia's ban was much broader in that it outlawed counties and cities from imposing fees on insurance companies for "any" kind of service provided by local governments for auto accidents, but provided for three exceptions: 1) where coverage for services was provided by the insurer to the policyholder and services were lawfully billed to the policyholder; 2) where the policyholder's medical insurance covered emergency medical services and the policyholder made an assignment to the service provider; or 3) where other services are provided to the policyholder by the local government which are expressly authorized by state or federal law to be billed directly to the insurer.

III. Effect of Proposed Changes:

Section 1. Creates s. 125.01045, F.S., relating to a prohibition of fees for first-responder services under the statutory provision pertaining to counties. The bill prohibits counties from imposing a fee or seeking reimbursement for costs or expenses (including personnel, supplies or equipment) incurred for services provided by a first responder in response to a motor vehicle accident, except for transportation and treatment provided by ambulance services licensed under s. 401.23(5), F.S.

The bill defines "first responder" as a law enforcement officer defined in s. 943.10, F.S., a firefighter defined in s. 633.30, F.S., or an emergency medical technician or paramedic defined in s. 401.23, F.S., employed by the state or a local government. A volunteer law enforcement officer, firefighter or emergency medical technician or paramedic engaged by the state or a local government is also considered a first responder of the state or local government.

Section 2. Creates s. 166.0446, F.S., relating to a prohibition of fees for first-responder services under the statutory provision pertaining to municipalities. The bill prohibits municipalities from imposing a fee or seeking reimbursement for costs or expenses (including personnel, supplies or equipment) incurred for services provided by a first responder in response to a motor vehicle accident, except for transportation and treatment provided by ambulance services licensed under s. 401.23(5), F.S.

The provision defines "first responder" in the same manner as provided for in Section 1.

Section 3. Provides that the act shall take effect July 1, 2009.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

See discussion under Present Situation.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Drivers involved in auto accidents will benefit under the bill's provisions because local jurisdictions will no longer be allowed to impose accident response fees.

C. Government Sector Impact:

Local governments that utilize accident response fees as a way to pay for providing fire and police services for motor vehicle accidents will no longer be able to use this revenue source under the provisions of the bill.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Banking and Insurance on March 17, 2009:

- Narrows the bill's applicability by prohibiting counties and municipalities from imposing fees or seeking reimbursement for costs for services by first responders to motor vehicle accidents.
- Provides an exception for transportation and treatment provided by ambulance services licensed under s. 401.23(5), F.S.
- Removes references to insurance coverage.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
