

DEPARTMENT OF TAXATION

2008 Fiscal Impact Statement

1. **Patron** Richard H. Stuart

2. **Bill Number** SB 168

3. **Committee** Senate Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Individual Income Tax: Tax Credit for
Volunteer Firefighters and Emergency
Medical Services Personnel

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would create an individual income tax credit for certain individuals who volunteer as firefighters or emergency medical services technicians who are in good standing throughout the taxable year. The credit amount would range from \$500 to \$3,000.

This bill would be effective for taxable years beginning on or after January 1, 2008.

6. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

6b. **Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2007-08	\$0	GF
2008-09	(\$19.5 million)	GF
2009-10	(\$19.5 million)	GF
2010-11	(\$19.5 million)	GF
2011-12	(\$19.5 million)	GF
2012-13	(\$19.5 million)	GF
2013-14	(\$19.5 million)	GF

7. **Budget amendment necessary:** Yes.

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8. **Fiscal implications:**

Administrative Costs

TAX has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to our systems and forms. As stand-alone legislation, TAX considers implementation of this bill as "routine," and does not require additional funding.

TAX will provide specific administrative costs on any legislation that is not "routine." Additionally, TAX will review all state tax legislation likely to be enacted prior to the passage by each house. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that additional resources will be required. If so, TAX will identify the costs at that time.

Revenue Impact

This bill would have a negative revenue impact of \$19.5 million per year beginning in FY 2009. This estimate was developed using information provided by the Office of Emergency Medical Services ("EMS") and the Department of Fire Programs regarding the number of individuals who would qualify for this credit and the seniority profile for all EMS personnel. The Office of EMS also provided estimates regarding how many volunteers would meet the requirements of both credits, but would be limited to taking only one. Using this information, TAX determined that approximately 30,000 individuals would be able to qualify for this credit.

To implement this credit, a reduction of an equal amount of general fund support from other areas in the introduced budget would be required. Given the magnitude of funding involved, funding would need to be transferred from areas with significant general fund support.

9. Specific agency or political subdivisions affected:

Department of Taxation
Office of Emergency Medical Services
Department of Fire Programs

10. Technical amendment necessary: No.

11. Other comments:

Proposal

This bill would create an individual income tax credit for certain individuals who volunteer as firefighters or emergency medical services technicians who are in good standing throughout the taxable year. The credit amount would range from \$500 to \$3,000. The amount of the tax credit could not exceed the tax liability for the taxable year.

In order to qualify for the credit as a volunteer firefighter, the individual would be required to be certified in one or more of the professional certification levels (Firefighter I, Firefighter II, Driver Pump-operator, Fire Officer, Fire Instructor), attend at least fifty percent of the documented station fire calls during the year, and attend at least fifty percent of the documented training sessions during the year.

In order to qualify for the credit as an emergency medical services technician, the individual would be required to maintain a valid, unrestricted EMS certification issued by the Office of Emergency Medical Services, volunteer a minimum of 240 hours during the year with a licensed EMS agency, and complete at least nine hours of continuing education credit documented by the Office of Emergency Medical Services during the year.

The credit for volunteer firefighters and emergency medical services technicians would be \$500 for those with one through four years of service, \$1,000 for those with five to nine years of service, \$1,500 for those with ten through fourteen years of service, \$2,000 for those with fifteen through nineteen years of service, \$2,500 for those with twenty to twenty-four years of service, and \$3,000 for those with twenty-five or more years of service. A volunteer firefighter who is also certified as an emergency medical services volunteer would only be allowed to take one credit.

To claim this credit, the individual would be required to submit a letter signed by the Fire Chief or authorized EMS agency official verifying the completion of the necessary requirements, including length of service, and any other documentation required by TAX with his tax return.

This bill would be effective for taxable years beginning on or after January 1, 2008.

cc : Secretary of Finance

Date: 1/20/2008 AMS
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