

# DEPARTMENT OF TAXATION

## 2020 Fiscal Impact Statement

1. **Patron** Roxann L. Robinson

3. **Committee** House Finance

4. **Title** Individual Income Tax; Subtraction for  
Certain Volunteer Firefighters and Volunteer  
Emergency Services Personnel

2. **Bill Number** HB 1397

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would provide an individual income tax subtraction of \$20 for each hour in which a bona fide volunteer renders certain emergency services. "Qualifying services" would include volunteer firefighting and fire prevention services, emergency medical services, auxiliary police officer services, and emergency rescue services. A taxpayer would be able to count up to 300 hours of qualifying service per taxable year toward the subtraction. This would limit the maximum amount of the subtraction to \$6,000 per taxable year.

This bill would be effective for taxable years beginning on and after January 1, 2020.

6. **Budget amendment necessary:** No.

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

### 8. **Fiscal implications:**

#### Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine, and does not require additional funding.

#### Revenue Impact

This bill would have an unknown negative General Fund revenue impact beginning in Fiscal Year 2021. It is unknown to what extent taxpayers perform volunteer services that would qualify for this subtraction.

### 9. **Specific agency or political subdivisions affected:**

Department of Taxation

10. **Technical amendment necessary:** No.

## 11. Other comments:

### Tax Incentives for Volunteer Firefighters and Emergency Services Personnel

Virginia does not currently provide an income tax incentive specifically for volunteer firefighting and fire prevention services, emergency medical services, auxiliary police officers, and emergency rescue services.

#### *Iowa*

Iowa provides an individual income tax credit in the amount of \$100 to taxpayers who served as volunteer firefighters, volunteer emergency medical services personnel, and volunteer reserve peace officers for the entire calendar year. If a volunteer does not serve for the entire year, the credit is prorated depending on the number of months that they served. For purposes of computing this credit, any portion of a month is considered as an entire month.

#### *New York*

New York provides a refundable individual income tax credit in the amount of \$200, or \$400 for married taxpayers filing jointly where both spouses are eligible, to taxpayers who are active volunteer firefighters or volunteer ambulance workers for the entire taxable year.

Certain localities in New York also provide a real property tax exemption to volunteer firefighters and ambulance workers in an amount equal to ten percent of the assessed value of their primary residence. Taxpayers may not claim both the credit and the exemption related to their volunteer service.

### Proposed Legislation

This bill would provide an individual income tax subtraction of \$20 for each hour in which a bona fide volunteer renders certain emergency services. "Qualifying services" would include volunteer firefighting and fire prevention services, emergency medical services, auxiliary police officer services, and emergency rescue services. A taxpayer would be able to count up to 300 hours of qualifying service per taxable year toward the subtraction. This would limit the maximum amount of the subtraction to \$6,000 per taxable year.

"Bona fide volunteer" would be defined as an individual who performs qualifying services and whose only compensation for such performance is:

- Reimbursement, or a reasonable allowance, for reasonable expenses incurred in the performance of such qualifying services; or
- Reasonable benefits, including length of service awards, and fees for such qualifying services customarily paid by eligible employers in connection with the performance of qualifying services by bona fide volunteers.

"Qualifying services" would be defined as volunteer firefighting and fire prevention services, emergency medical services, auxiliary police officers, and emergency rescue

services that operate exclusively for the benefit of the general public without charge. This would include all training and training-related activities required by law to perform such qualifying services.

This bill would be effective for taxable years beginning on and after January 1, 2020.

#### Similar Legislation

**House Bill 766** is identical to this bill, except that it would also include ambulance services but not auxiliary police officers in its definition of qualifying services.

cc : Secretary of Finance

Date: 1/19/2020 JLOF  
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