

# DEPARTMENT OF TAXATION

## 2023 Fiscal Impact Statement

1. **Patron** Hyland F. "Buddy" Fowler

2. **Bill Number** HB 1522

3. **Committee** House Finance

**House of Origin:**

X **Introduced**

       **Substitute**

       **Engrossed**

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

**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 volunteer firefighting and fire prevention services, emergency medical services, ambulance services, and emergency rescue services. A taxpayer would be able to count up to 325 hours of qualifying service per taxable year toward the subtraction. This would limit the maximum amount of the subtraction to \$6,500 per taxable year.

This bill would be effective for taxable years beginning on and after January 1, 2023.

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 2024. It is unknown to what extent taxpayers will 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, and emergency rescue services.

Several other states provide a tax incentive similar to the one proposed by this bill. Iowa provides an individual income tax credit in the amount of \$100 to taxpayers who served as volunteer firefighters, emergency medical services personnel, or reserve peace officers for the entire calendar year or a prorated amount for partial annual service. New York provides a refundable individual income tax credit in the amount of \$200 to taxpayers who are active volunteer firefighters or volunteer ambulance workers for the entire taxable year. In addition, New York provides a real property tax exemption for such taxpayers that may be claimed in lieu of the credit.

### Proposed Legislation

This bill would provide an individual income tax subtraction of \$20 for each hour in which a bona fide volunteer renders certain volunteer firefighting and fire prevention services, emergency medical services, ambulance services, and emergency rescue services. A taxpayer would be able to count up to 325 hours of qualifying service per taxable year toward the subtraction. This would limit the maximum amount of the subtraction to \$6,500 per taxable year.

“Bona fide volunteer” would be defined as an individual who is a qualified member of the United States Coast Guard Auxiliary, the Virginia Defense Force, or the Virginia Wing, Civil Air Patrol as certified by such organizations, or 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 services, 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, 2023.

### Similar Legislation

**House Bill 2353** and **Senate Bill 1403** would provide an individual income tax subtraction for professional firefighter pensions.

cc : Secretary of Finance

Date: 1/14/2023 JLOF  
HB1522F161