



# Senate Finance Committee

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## BILL SUMMARY

### SENATE BILL 1314, PN 1851 (SENATOR BAKER)

#### Bill Synopsis

Senate Bill 1314 amends the Tax Reform Code of 1971 authorizing a tax credit for volunteer firefighters for purposes of personal income tax.

#### Bill Summary

This legislation amends the Tax Reform Code of 1971 by adding an article authorizing an Active Volunteer Retention and Recruitment Tax Credit for fire and emergency service workers as verified by the State Fire Commissioner and the Director of the Bureau of Emergency Medical Services in the Department of Health.

A taxpayer certified as an active volunteer may claim a tax credit of up to \$500 from the tax imposed under Article III. If the taxpayer's total liability under Article III is less than \$500, the credit shall equal the remaining tax liability. In no event shall the total amount of the credit for a taxable year exceed the taxpayer's tax liability.

The fire commissioner and the director of emergency medical services shall jointly develop and implement an active volunteer point system which shall be used to designate firefighters and emergency medical service workers as active volunteers based on completion of annual service requirements and activities. The system shall consider the number of emergency calls responded to, the volunteer's training level, participation in training and drills, time spent on administration and support activities including fundraising and facility maintenance, and other operational and response activities.

Within ten business days of the calendar year end, fire department chiefs shall submit a report to the fire commissioner with the name and address of each volunteer firefighter who qualified for the tax credit for the previous calendar year. Similarly, the chief of each volunteer emergency medical service department shall submit a report to the director of emergency medical services with the name and address of each volunteer emergency medical services worker who qualified for the tax credit for the previous calendar year. On or before January 31 of each year, the fire commissioner and the director of emergency medical services shall certify each active volunteer based on jointly set procedures for certification. Any taxpayer who claims a credit who fails to meet the qualifications set forth shall repay to the Commonwealth the full amount of the tax credit.

The Act shall apply to all taxable years beginning on or after January 1, 2009. The Act shall take place immediately.

### **Existing Law**

Current law provides no tax credits for firefighters or emergency medical service workers.

### **Fiscal Impact**

The legislation amends the Tax Reform Code, establishing a \$500 tax credit for bona fide active members of volunteer firefighting and emergency medical service organizations as certified by State Fire Commissioner or the Director of the Emergency Medical Services Office in the Department of Health.

The fiscal impact of the legislation is dependent on the number of active volunteers. Currently, there are an estimated 70,000 Fire and 15,000 EMS volunteers (85,000 total volunteers) across the Commonwealth. The fiscal impact of the legislation is expected to range between \$15 million and \$42.5 million. The \$15 million estimate assumes that 35% of the applicants are confirmed active, while the \$42.5 million estimate assumes that 100% of the applicants are confirmed to be active volunteers.