



Senate Finance Committee

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BILL SUMMARY

SENATE BILL 1316, PN 1853 (SENATOR BAKER)

Bill Synopsis

Senate Bill 1316 amends the Tax Reform Code of 1971, providing for a tax credit for employers of volunteer firefighters and emergency medical services workers.

Bill Summary

The Tax Reform Code of 1971 is amended by adding Article XVIII-C – Volunteer Firefighter and Emergency Medical Services Worker Employer Tax Credit.

A taxpayer is eligible for a tax credit if:

- (1) The taxpayer hires an employee who is an active member of a Volunteer Fire or Emergency Management Services department; or
- (2) The taxpayer has an employee who becomes an active volunteer with a Fire or Emergency Management Services Department during the calendar year.

Maximum credit. A taxpayer may claim a tax credit for each fulltime employee:

- (1) The taxpayer may claim a full \$1000 tax credit for all active employees as confirmed by the State Fire Commissioner and the State Director of Emergency Services Workers in the Department of Health as active volunteer firefighters or emergency services workers. This credit may be claimed only once with respect to each qualified employee and may not be claimed if an employee has been claimed by a previous employer.
- (2) If the taxpayer is not a volunteer for the entire tax year, the amount of tax credit shall be prorated and the credit amount shall equal \$1000, divided by twelve, multiplied by the number of months in the tax year that volunteer was employed by the taxpayer. The credit shall be rounded to the nearest five dollars.
- (3) The taxpayer's total tax credit for volunteer fire and emergency services workers may not exceed more than \$5000 in any given tax year.

Claim Period - Claims for a tax credit shall be filed for the first taxable year for which the taxpayer was eligible for the tax credit.

Carry-over and Carry-back of Credit – If the taxpayer cannot use the entire amount of the tax credit for the first taxable year in which the employer is eligible for the credit, then the excess may be carried over to succeeding taxable years and used as a credit against the qualified tax liability of the taxpayer for those taxable years. A taxpayer is not entitled to carry back or obtain a refund of an unused tax credit.

Total amount of credits. - The total amount of tax credits authorized by this article shall not exceed \$5,000,000 in each fiscal year. If the credits exceed the \$5,000,000 cap in a given year, the credits will be allocated on a pro rata basis.

Volunteer Point System. – The State Fire Commissioner and the Director of Emergency Services in the PA Department of Health shall develop and implement a volunteer fire and emergency services worker volunteer point system establishing the annual requirements for designating firefighters and emergency service workers, respectively, as active volunteers.

Credit Verification. – Within 10 business days of the end of each calendar year, the chief of each volunteer fire company shall submit a report to the State Fire Commissioner while the chiefs of the emergency medical services departments shall submit shall a report to the Director of the Emergency Medical Services in the Department of Health verifying volunteers who qualify for the tax credit for the previous calendar year in the format specified by the Revenue Secretary.

Volunteer Certification. – On or before January 31 of each year, the State Fire Commissioner and the Director of Emergency Medical Services in the PA Department of Health shall certify each volunteer firefighter and emergency medical service worker as having met the requirements for designation as an active volunteer under this act.

Regulations. – The Department of Revenue shall prepare any forms that may be necessary to claim a tax credit, may require proof of the claim for tax credit, may require proof of the claim for the tax credit, and may adopt rules and regulations to administer the credit.

Existing Law

The current law does not provide tuition credits for volunteer firefighters and emergency services workers.

Fiscal Impact

Amends the Tax Reform Code granting a \$1000 tax credit against an employer's personal income tax for each volunteer fire and/or emergency services member employed up to but not to exceed \$5000 per employer during a specific tax year.

The total amount of tax credits authorized by this article shall not exceed \$5 million in each fiscal year. If the credits exceed the \$5 million cap in a given year, the credits will be allocated on a pro rata basis.