

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1016

Bill Subtitle: TO PROVIDE AN INCOME TAX CREDIT FOR NEW VOLUNTEER FIREFIGHTERS.

Basic Change :

Rep. Farrer

Rep. Gillam

This bill establishes a volunteer firefighter credit of \$200 for a taxpayer that is a new volunteer member of a fire department. To qualify for the credit, the new volunteer must become a member on or after January 1, 2013 and not be a member of a firefighting department or unit in the 5 years before becoming a member, must engage in a firefighting activity, earn less than \$5,000 from the volunteer fire department, complete at least 9 months of new volunteer service and a minimum of 16 hours of certified training in the year the credit is claimed. The credit cannot exceed the income tax due by the taxpayer. The credit allowed under this bill can be claimed by the taxpayer for a maximum of 5 consecutive tax years. DFA shall promulgate rules to implement the credit. This credit will be effective for tax years beginning on or after January 1, 2013.

Revenue Impact :

FY2014 - \$529,000 revenue loss

FY2015 - \$1,058,000 revenue loss

Taxpayer Impact :

Volunteer firefighters who meet the requirements may claim the credit.

Resources Required :

Computer changes, booklet changes, and processing change: \$5,000

Time Required :

Adequate time is provided.

Procedural Changes :

Computer system, forms and booklets must be updated. Staff and tax community must be educated.

Other Comments :

The credit is only available to taxpayers paying individual income tax and is limited to a new volunteer firefighter who has completed 9 months of service and 16 hours of training in the taxable year.

Legal Analysis :

This bill provides a \$200 individual income tax credit for certain volunteer firefighters.

The bill requires that DFA promulgate rules to administer the new credit.

The bill will be effective 90 days following adjournment and is effective for tax years beginning on and after January 1, 2013