

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 1429
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: DECEMBER 2, 2024

SUMMARY

- Synopsis:** Exempts certain volunteer first responders from coverage under “unemployment compensation law”; excludes from gross income amounts received for certain volunteer emergency services.
- Type of Impact:** Annual State revenue loss to the Property Tax Relief Fund, the Unemployment Insurance Compensation Fund, and the State Disability Benefits Fund; potential annual expenditure decreases to the Unemployment Insurance Compensation Fund and the State Disability Benefits Fund.
- Agencies Affected:** Department of Labor and Workforce Development; Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
Revenue Loss-Property Tax Relief Fund	Indeterminate
Revenue Loss-Unemployment Insurance Compensation Fund	Indeterminate
Revenue Loss-State Disability Benefits Fund	Indeterminate
Potential Expenditure Reduction-Unemployment Insurance Compensation Fund	Indeterminate
Potential Expenditure Reduction-State Disability Benefits Fund	Indeterminate

- The Office of Legislative Services (OLS) notes that the bill will cause an indeterminate annual revenue loss to the State’s Property Tax Relief Fund by excluding any stipends, including clothing allowances, given by a municipality to volunteer first responders from gross income taxation.
- The bill will also result in an indeterminate annual revenue loss to the Unemployment Insurance Compensation Fund because the bill exempts any stipends received by volunteer first responders from unemployment insurance taxes. The bill also excludes these volunteer stipends from temporary disability and family leave insurance taxes, which will cause an indeterminate annual revenue loss to the State Disability Benefits Fund.



- The bill could result in an annual indeterminate expenditure decrease to the Unemployment Insurance Compensation Fund and the State Disability Benefits Fund by exempting volunteer first responders from receiving unemployment insurance benefits, temporary disability benefits, and family leave insurance benefits for which they might otherwise qualify.

BILL DESCRIPTION

This bill excludes from gross income any stipends, including any clothing allowance, provided by a municipality for services performed by a volunteer first responder. The bill also exempts from coverage under the unemployment compensation law any services provided by a volunteer first responder who receives a stipend. The exempted first responder would not be subject to unemployment insurance taxes and would not be eligible for unemployment insurance benefits. The bill also excludes the first responder's stipend from contributions to the temporary disability and family temporary disability benefits funds, and it would exclude the first responder from being eligible to receive those benefits.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the bill will cause an indeterminate annual revenue loss to the State's Property Tax Relief Fund by excluding any stipends, including clothing allowances, given by a municipality to volunteer first responders from gross income taxation. The bill will also result in an indeterminate annual revenue loss to the Unemployment Insurance Compensation Fund because the bill exempts any stipends received by volunteer first responders from unemployment insurance taxes. The bill also excludes these volunteer stipends from temporary disability and family leave insurance taxes, which will cause an indeterminate annual revenue loss to the State Disability Benefits Fund. The magnitude of these revenue losses will depend on the amount of the stipends paid by municipalities to volunteer first responders, which can vary widely, and in the case of the gross income tax revenue loss, the amount of any additional income volunteer first responders may have in a given year.

The bill could result in an annual indeterminate expenditure reduction to the Unemployment Insurance Compensation Fund and the State Disability Benefits Fund by exempting volunteer first responders from receiving unemployment insurance benefits, temporary disability benefits, and family leave insurance benefits for which they might otherwise qualify.

Data from the Federal Emergency Management Administration show that there are approximately 29,600 volunteer firefighters within 634 volunteer departments in New Jersey. The New Jersey Department of Health currently licenses approximately 26,000 EMTs, with approximately 75%, or 19,500, of the licensees assigned to volunteer squads. In total, the OLS estimates that this bill could affect 49,100 volunteer first responders.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).