

**DEPARTMENT OF TAXATION  
2023 Fiscal Impact Statement**

1. **Patron** Thomas A. Garrett, Jr.

2. **Bill Number** HB 491

3. **Committee** House Finance

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

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

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would establish an individual income tax subtraction of \$2,000 per taxable year for bona fide volunteers who perform qualifying services, defined in the bill as volunteer firefighting and fire prevention services, emergency medical services, auxiliary police officer services, and emergency rescue services.

This bill would be effective for taxable years beginning on or after January 1, 2025.

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 result in an unknown but likely significant negative General Fund revenue impact beginning in Fiscal Year 2026 and continuing each year thereafter. As defined in the bill, "qualifying services" for which a bona fide volunteer may claim a subtraction would generally be any of the following:

- Volunteer firefighting and fire prevention services,
- Emergency medical services,
- Auxiliary police officer services, and
- Emergency rescue services that operate exclusively for the benefit of the general public as nonprofit organizations.

It would also include all legally-required training and training-related services that a bona fide volunteer performs in furtherance of the above.

According to data from the National Fire Department Registry, there were 21,094 volunteer firefighters within the Commonwealth. Assuming that all 21,094 volunteer firefighters claim the maximum \$2,000 subtraction, it is estimated that this bill would result in a subtraction of approximately \$42.2 million, resulting in an estimated revenue loss of approximately \$2.3 million annually.

However, the National Fire Department Registry does not appear to have a full count of volunteer firefighters in Virginia. In addition, this bill would apply to volunteers providing emergency medical services, auxiliary police officer services, and eligible emergency rescue services. The number of volunteers providing these non-firefighting services is unknown. Therefore, the actual revenue loss associated with this bill would be greater than \$2.3 million annually by an unknown amount.

**9. Specific agency or political subdivisions affected:**

Department of Taxation

**10. Technical amendment necessary:** No.

**11. Other comments:**

Virginia Firefighter Tax Preferences

The governing body of any locality may, by ordinance, provide a credit against taxes and fees imposed by the locality to an individual who provides approved volunteer services, including firefighting and fire prevention services, in the locality. The locality may allow the credit to be used against the individual's liability for a limited number of taxes, fees, or other charges imposed by the locality.

Proposed Legislation

This bill would establish an individual income tax subtraction of \$2,000 per taxable year for bona fide volunteers who perform qualifying services.

"Bona fide volunteer" would be defined as an individual who performs qualifying services and whose only compensation is (i) reimbursement for reasonable expenses or (ii) reasonable benefits, including length of services awards, and fees for such qualifying services customarily paid by employers.

"Qualifying services" would be defined as volunteer firefighting and fire prevention services, emergency medical services, auxiliary police officer services, ambulance services, and emergency rescue services that operate exclusively for the benefit of the general public as nonprofit organizations, and all training and training-related activities required by law to perform such qualifying services.

This bill would be effective for taxable years beginning on or after January 1, 2025.

## Similar Legislation

**Senate Bill 61** and **House Bill 1292** would establish an income tax subtraction for firefighter retirement income related to professional firefighting services and benefits paid to surviving spouses of up to \$20,000 in Taxable Year 2024, up to \$30,000 in Taxable Year 2025, and up to \$40,000 in Taxable Year 2026 and thereafter.

cc : Secretary of Finance

Date: 1/21/2024 ALS  
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