



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** HB0204

**Title:** Provide tax credit for volunteer first responders

**Primary Sponsor:** Gist, Steve

**Status:** As Introduced

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	(\$985,000)	(\$1,485,000)	(\$1,987,500)	(\$1,995,000)
<b>Net Impact-General Fund Balance:</b>	<u>(\$985,000)</u>	<u>(\$1,485,000)</u>	<u>(\$1,987,500)</u>	<u>(\$1,995,000)</u>

**Description of fiscal impact:** HB 203 creates a \$500 refundable income tax credit for volunteer firefighters and volunteer emergency care providers (ECPs) who meet certain qualifications.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Revenue**

1. HB 204 creates a \$500 refundable income tax credit for volunteer firefighters and volunteer emergency care providers (ECPs). To qualify, firefighters are required to have completed a minimum of 30 hours of training and ECPs are required to have completed the number of training hours prescribed by the Montana state board of medical examiners.
2. A taxpayer may not claim a credit as both a firefighter and an emergency medical technician, so the estimates in this fiscal note attempt to not double-count individuals who are qualified as both.
3. Information from the Montana Public Employees Retirement Administration indicates there were about 2,250 volunteer firefighters at the end of FY 2019 who likely would have met the proposed criteria. According to EMS and Trauma Service at the Department of Public Health and Human Service, there are approximately 1,675 volunteer ECPs who are not also volunteer firefighters.
4. This total of 3,925 volunteers who would qualify for this credit is assumed to increase with population, approximately 0.44% per year.

5. This bill is effective upon passage and approval and will apply to tax years beginning with TY 2021. This bill has a termination date of December 31, 2026. It is reasonable to expect that there would be some phase-in as taxpayers become aware of the credit, so it is assumed that of the total number of individuals who qualify for the credit, 50% will claim it for TY 2021, 75% for TY 2022, and 100% for TY 2023 and TY 2024.
6. The following table shows the calculations from the assumptions above.

Tax Year	# of Qualifying Volunteers	Percent Claiming Credit	Number of Credits Claimed	Amount of Credits Claimed
2021	3,940	50%	1,970	\$985,000
2022	3,960	75%	2,970	\$1,485,000
2023	3,975	100%	3,975	\$1,987,500
2024	3,990	100%	3,990	\$1,995,000

7. The credits claimed for TY 2021 would decrease income tax revenue for FY 2022 by the entire amount of the credit, because the credit is refundable. It is estimated that general fund revenue would decrease by \$985,000 for FY 2022, \$1,485,000 for FY 2023, \$1,987,500 for FY 2024, and \$1,995,000 for FY 2025.
8. The department would have to make some form changes to include this credit, but this would be done as part of annual processes. The department therefore does not anticipate significant additional costs associated with this bill.

<u>Fiscal Impact:</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
<u>Department of Revenue</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<b>FTE</b>	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	(\$985,000)	(\$1,485,000)	(\$1,987,500)	(\$1,995,000)
<b>TOTAL Revenues</b>	<u>(\$985,000)</u>	<u>(\$1,485,000)</u>	<u>(\$1,987,500)</u>	<u>(\$1,995,000)</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$985,000)	(\$1,485,000)	(\$1,987,500)	(\$1,995,000)

 _____ Sponsor's Initials	_____ Date	 _____ Budget Director's Initials	 _____ Date
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