

DEPARTMENT OF TAXATION

2025 Fiscal Impact Statement

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

2. **Bill Number** HB 2076

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.

“Qualifying services” would include:

- 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, 2026.

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 negative General Fund revenue impact beginning in Fiscal Year 2027 and each year thereafter.

According to data from the 2023 House Bill 2175 Workgroup Report released in October 2023, there were 13,653 fire and EMS volunteers. Assuming that these 13,653 volunteers were the only eligible volunteers, and they claimed the full subtraction, the subtraction could result in negative General Revenue impact of at least \$1.5 million per year.

However, it is important to note that this estimate may be understated as some localities did not participate in the survey. This figure also does not include volunteer auxiliary police officers, emergency medical services, and emergency rescue services. Therefore, the actual revenue loss associated with this bill would be greater than \$1.5 million annually by an unknown amount.

Similarly, the Department looked at data from the National Fire Department Registry to estimate the potential impact of this bill. According to that data, there were 21,094 volunteer firefighters within the Commonwealth. Again, assuming that these 21,094 volunteers were the only eligible volunteers, and they claimed the full subtraction, the Department estimates that the subtraction could result in negative General Fund revenue impact of approximately \$2.3 million per year. However, the National Fire Department Registry does not appear to have a complete count of volunteer firefighters in Virginia, and the number of volunteers providing other 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.

Proposal

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:

- Reimbursement for reasonable expenses or
- 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, and

- Emergency rescue services

that operate exclusively for the benefit of the general public as nonprofit organizations.

Qualifying services would also include all legally required training and training-related activities necessary for a bona fide volunteer to perform one of the above services.

This bill would be effective for taxable years beginning on or after January 1, 2026.

cc : Secretary of Finance

Date: 01/25/2025 SJH
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