LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 616** HLS 21RS 22
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 23, 2021 10:11 AM
Author: JOHNSON, MIKE
Dept./Agy.: Revenue
Subject: Income Tax Credit for Volunteer Firefighters
Analyst: Patrice Thomas

TAX CREDITS OR -$1,102,954 GF RV See Note
Establishes an individual income tax credit for volunteer firefighters

Present law authorizes a $500 income tax deduction for individuals who volunteer for volunteer fire departments, if the individual completes 24 hours of continuing education annually and the individual is an active member of the LA State Fireman's Association or on the departmental personnel roster for the State Fire Marshal's Volunteer Fireman's Insurance Program. Proposed law repeals the annual tax deduction and replaces it with an annual $500 income tax credit. Proposed law requires the individual claiming the credit be a Louisiana taxpayer. Proposed law provides that tax credit is refundable. Proposed law is effective with taxable years beginning on or after 1/01/2022.

EXPENDITURES	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	($1,102,954)	($1,102,954)	($1,102,954)	($1,102,954)	**($4,411,816)**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**($1,102,954)**	**($1,102,954)**	**($1,102,954)**	**($1,102,954)**	**($4,411,816)**

EXPENDITURE EXPLANATION

Proposed law will result in the Louisiana Department of Revenue (LDR) incurring one-time SGF costs related to programming, testing and system development along with associated changes to software. LDR estimates total costs for the enumerated items at approximately $25,680 of staff time for computer system modification, testing, and tax form redesign.

REVENUE EXPLANATION

Proposed law will decrease SGF revenue by $1.1 M beginning in FY 23 as a result of a $500 refundable volunteer firefighter tax credit. Under present law, volunteer firefighters who are active members of the LA State Fireman's Association or are on the personnel roster for the State Fire Marshal's Volunteer Fireman's Insurance Program and annually complete 24 hours of continuing education are eligible for a $500 income tax deduction. The proposed law repeals the $500 income tax deduction in the present law and replaces it with an annual $500 income tax credit, which is refundable.

The Department of Revenue reports 2,315 taxpayers qualified for the $500 volunteer firefighter tax deduction from income claimed in FY 19, which equated to a revenue loss of $54,546. If those same taxpayers claimed the $500 volunteer firefighter tax credit, the anticipated revenue loss would be $1,102,954 (2,315 x $500 tax credit = $1,157,500 - $54,546 existing tax deduction). Since the credit is being made refundable by this bill, it is likely that nearly all of the estimated credit exposure would be realized against state general fund.

However, according to the Office of State Fire Marshal, there are approximately 8,500 volunteer firefighters in Louisiana. In the event all 8,500 volunteer firefighters meet the requirements to claim the tax credit, the anticipated state general fund revenue loss would be $4.25 M annually (8,500 x $500 tax credit).

Senate Dual Referral Rules

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}

☒ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House

☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}

☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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