

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2016 REGULAR SESSION**

MEASURE

2016 BR NUMBER 1891

SENATE BILL NUMBER 197

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE An ACT relating to a tax credit for volunteer firefighters.

SPONSOR Senator Jones

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: _____

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$1,000,000)	(\$6,600,000)	(\$6,600,000)
EXPENDITURES				
NET EFFECT		(\$1,000,000)	(\$6,600,000)	(\$6,600,000)

() indicates a decrease/negative

MEASURE'S PURPOSE: The proposal creates a new income tax credit for active certified volunteer firefighters. The stated purpose of the new tax credit is to increase the number of certified volunteer firefighters actively volunteering with a qualified fire department in the Commonwealth.

PROVISIONS/MECHANICS: A new section of KRS Chapter 141 is created to establish the new tax credit. For taxable years beginning on or after January 1, 2017, but before January 1, 2021, a refundable income tax credit is allowed in the amount of \$500 to each active certified volunteer firefighter. To be eligible, the name of each firefighter must appear on the certification list provided by the Commission on Fire Protection Personnel Standards and Education.

FISCAL EXPLANATION: There are currently 10,210 volunteer firefighters that have been certified by the Commission on Fire Protection Personnel Standards and Education and an additional 6,087 volunteer firefighters that have yet to complete the required hours of training.

Once a volunteer firefighter has been certified, they are always certified. For purposes of this analysis, it is assumed that all volunteer firefighters currently certified will receive the tax credit

and an additional 3,000 of the remaining volunteer firefighters will receive certification and be eligible for the tax credit in taxable year 2017.

If enacted, this proposal would have a small estimated negative fiscal impact of \$1 million in FY 2016-2017 as employees adjust withholding amounts or estimated payments based on the new tax credit. At full implementation in FY 2017-2018, this proposal would have an estimated negative fiscal impact of \$6.6 million.

If this proposal is successful in increasing the number of certified volunteer firefighters, the negative fiscal impact will increase in the out years by \$500 for every new certified volunteer firefighter.

DATA SOURCE(S): Kentucky Community and Technical College System

PREPARER: Jennifer Hays NOTE NUMBER: 108 REVIEW: JRS DATE: 3/1/2016