



Legislative Fiscal Bureau

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October 27, 2016

TO: Senator Stephen Nass
Room 10 South, State Capitol

FROM: Rick Olin, Fiscal Analyst

SUBJECT: Tax Credit Proposals for Volunteer Firefighters and Emergency Medical Services Personnel

At your request, this memorandum provides estimates of the fiscal effect of two tax credit proposals considered by the Study Committee on Volunteer Firefighter and Emergency Medical Technician Shortages. At the Committee's October 18th meeting, Legislative Council staff presented a memorandum that offered two proposals to create tax credits for volunteer firefighters and emergency medical services (EMS) volunteers.

Under the first proposal, the credit would be based on hours served. Using an imputed rate of \$20 per hour, this credit would be capped at \$1,000 per year, the equivalent of 50 hours of service. The second proposal would create a credit for unreimbursed expenses, including purchases of gear and equipment, books and supplies related to training or continuing education, and for mileage to obtain training and continuing education. This credit would be capped at \$400 annually. Both credits would be refundable, where credit amounts exceeding individual income tax liabilities are paid as refunds to claimants. In the state budget system, refundable credits are reported as sum sufficient GPR appropriations, rather than as reductions in state tax collections.

The State Firefighters Association indicates there are 17,204 volunteer firefighters in Wisconsin, and the Wisconsin Department of Health Services (DHS), which regulates the delivery of EMS and licenses EMS providers, reports there are 5,990 EMS volunteers in Wisconsin. Some volunteer firefighters may also be EMS volunteers, but that number is unknown.

Based on an estimated 23,194 tax credit claimants, the credit based on hours of service would result in GPR expenditures estimated at \$23 million annually, and the credit based on unreimbursed expenses would increase state expenditures by an estimated \$9 million annually. If both credits are created, the total cost would be an estimated \$32 million GPR annually. These estimates may be overstated due to individuals who serve as volunteers in both capacities.

If you have any questions on this information, please let me know.

RO/sas