

ISSUE BRIEF

SENATE POLICY DEVELOPMENT AND RESEARCH OFFICE

PREPARED IN CONJUNCTION WITH THE SENATE REPUBLICAN POLICY COMMITTEE

Efforts in Support of Volunteer Emergency Responders

According to the Pennsylvania Office of the State Fire Commissioner, Pennsylvania is the birthplace of volunteer fire service in North America. The Commonwealth also has the largest number of fire departments in the nation; and is a national leader in the number of career and paid personnel providing emergency services. Estimates in recent years have placed the value of the volunteer services to the Commonwealth in the billions of dollars. In recognition of these individuals who volunteer countless hours to protect their fellow Pennsylvanians, the General Assembly has enacted or considered a number of legislative proposals in support of their efforts during the 2007-2008 legislative session. These proposals include:

Enacted Legislation

Tax Credits for Emergency Responders

[Act 66 of 2008](#) (House Bill 377 – Evans) authorized the Volunteer Responder Retention and Recruitment Tax Credit. Under the program, an eligible emergency volunteer responder will qualify for a \$100 tax credit against his or her Personal Income Tax liability for the taxable year beginning after December 31, 2007 and ending before January 1, 2009. If the taxpayer is not an active volunteer for the entire year, the amount of the credit will be prorated. If the taxpayer cannot use the entire amount of the tax credit, the remainder can be carried forward up to three years. A taxpayer is not eligible to carry back, obtain a refund of, sell or assign an unused tax credit. The State Fire Commissioner and the Director of the Emergency Medical Services Office in the Department of Health will be responsible for developing a system that establishes requirements for designating firefighters and emergency medical services responders as active volunteers. No later than June 1, 2009, the Department of Revenue will be required to report to the General Assembly on the tax credits granted and the applicability of the tax credit to the retention of active volunteers. The bill authorized up to \$4.5 million in tax credits. *House Bill 377 was signed into law on July 9, 2008.*

Earmarking of Local Services Tax Revenue for Emergency Services

[Act 7 of 2007](#) (Senate Bill 218 - Browne) amended the Local Tax Enabling Act to make a number of changes to the Emergency Municipal Services Tax. The bill renamed the tax the "Local Services Tax" (LST) and removed the provision that prohibited municipalities/school districts from requiring employers to withhold the tax in installments. The measure also required a political subdivision levying the LST to exempt from the tax blind, paraplegic, and disabled veterans and any person who serves as a member of a reserve component of the armed forces and is called to active duty at any time during the taxable year. An additional provision also required a political subdivision levying the LST at a rate exceeding \$10 to exempt, by ordinance or resolution, any person whose total earned income and net profits from all sources within the political subdivision is less than \$12,000 from paying the LST. Political subdivisions levying the LST at a rate of \$10 or less have the option of exempting these individuals. Finally, the bill mandated that municipalities must use at least 25 percent of the revenue derived from the tax for emergency services, which include police, fire and emergency medical services. *Senate Bill 218 was signed into law on June 21, 2007.*

Volunteer Fire Company and Volunteer Ambulance Service Grants

[Act 10 of 2007](#) (House Bill 906 - Lentz) amended the Volunteer Fire Company and Volunteer Ambulance Service Grant Act to extend the grant program through 2012. Grants to volunteer fire and rescue companies, which will range from a minimum of \$2,500 to a maximum of \$15,000, can be used for construction or renovation of the fire company's facilities; purchase or repair of firefighting, ambulance or rescue equipment;

debt reduction associated with construction or renovation; or training and certification of members. Grants to volunteer ambulance services, ranging from \$2,500 to \$10,000, could be used for similar purposes. The Pennsylvania Emergency Management Agency (PEMA) will continue to administer the grant program. Notice of the grant program will be published in the Pennsylvania Bulletin by August 8 for fiscal years beginning after June 30, 2008. If two or more volunteer fire companies or ambulance services in a municipality have consolidated their use of equipment, personnel and services within five years preceding the date of the current year application deadline, they can receive a grant of up to the amount of the combined total for which the individual companies would have been eligible had they not consolidated. The Legislative Budget and Finance Committee will conduct a performance review of the program and submit its findings to the General Assembly. *House Bill 906 was signed into law on June 28, 2007.*

Expanded Benefits for Certified Hazardous Material Response Teams

[Act 21 of 2007](#) (House Bill 369 - Fairchild) amended the Emergency and Law Enforcement Personnel Death Benefits Act to extend the payment of death benefits to members of certified hazardous material response teams. *House Bill 369 was signed into law on July 2, 2007.*

Fire and Emergency Medical Services in Townships, Boroughs and Third Class Cities

[Act 7 of 2008](#) (House Bill 1131 - Melio) amended the Second Class Township Code to provide that a township is responsible for ensuring that fire and emergency medical services are provided within the township by the means and to the extent determined by the township, including the appropriate financial and administrative assistance for these services. The township will be required to consult with fire and emergency medical services providers to discuss the emergency services needs of the township. The township must require any emergency services organizations receiving township funds to provide an annual itemized listing of all expenditures of the funds before it could consider budgeting additional funding to the organization. *House Bill 1131 was signed into law on March 17, 2008.*

[Act 8 of 2008](#) (House Bill 1133 - Melio) amended the Borough Code to provide that a borough is responsible for ensuring that fire and emergency medical services are provided within the borough by the means and to the extent determined by the borough, including the appropriate financial and administrative assistance for these services. The borough will be required to consult with fire and emergency medical services providers to discuss the emergency services needs of the borough. The borough must require any emergency services organizations receiving borough funds to provide an annual itemized listing of all expenditures of the funds before it could consider budgeting additional funding to the organization. *House Bill 1133 was signed into law on March 17, 2008.*

[Act 9 of 2008](#) (House Bill 1134 - Melio) amended the First Class Township Code to provide that a township is responsible for ensuring that fire and emergency medical services are provided within the township by the means and to the extent determined by the township, including the appropriate financial and administrative assistance for these services. The township will be required to consult with fire and emergency medical services providers to discuss the emergency services needs of the township. The township must require any emergency services organizations receiving township funds to provide an annual itemized listing of all expenditures of the funds before it could consider budgeting additional funding to the organization. *House Bill 1134 was signed into law on March 17, 2008.*

[Act 31 of 2008](#) (Senate Bill 987 – Baker) amended the Third Class City Code to provide that a third class city is responsible for ensuring that fire and emergency medical services are provided within the city by the means and to the extent determined by the city, including the appropriate financial and administrative assistance for these services. The city will be required to consult with fire and emergency medical services providers to discuss the emergency services needs of the city. The city must require any emergency services organizations receiving city funds to provide an annual itemized listing of all expenditures of these funds before the city could consider budgeting additional funding to the organization. *Senate Bill 987 was signed into law on June 27, 2008.*

Bills that Passed the Senate

Tax Credits and Tuition Reimbursement for Emergency Responders

[Senate Bill 1314](#) (Baker) would amend the Tax Reform Code of 1971 to authorize a volunteer responder retention and recruitment tax credit against the Personal Income Tax. The bill would authorize a tax credit of \$100 for the tax year beginning in the 2009 calendar year, which would be increased by \$100 each year up to a \$500 credit in the tax year beginning in the 2013 calendar year. If the taxpayer is not an active volunteer for the entire year, the amount of the credit would be prorated. If the taxpayer cannot use the entire amount of the tax credit for the first year of eligibility, the remainder could be carried forward up to three years. A taxpayer would not be eligible to carry back, obtain a refund of, sell or assign an unused tax credit. A taxpayer who claims a credit but fails to meet the requirements would be required to repay the full amount of the credit. The bill would authorize up to \$8.5 million in tax credits in each fiscal year. If requested credits exceed the cap in any given year, they would be allocated on a pro rata basis. The State Fire Commissioner and the Director of the Emergency Medical Services Office in the Department of Health would be responsible for developing a system establishing annual requirements for designating firefighters and emergency medical services responders as active volunteers. The act would apply to taxable years beginning on or after January 1, 2009. No later than June 1, 2010, and September 1 of each year thereafter, the Department of Revenue would be required to report to the General Assembly on the tax credits granted and the applicability of the tax credit to the retention of active volunteers. *Senate Bill 1314 passed the Senate (50-0) on June 9, 2008, and was referred to the House Finance Committee.*

[Senate Bill 1315](#) (Waugh) would create the Volunteer Firefighter and Emergency Services Postsecondary Education Tuition Reimbursement Program in the Pennsylvania Higher Education Assistance Agency (PHEAA). The program would provide a 50 percent tuition credit for a qualified student's share of tuition at a Pennsylvania community college, state-owned university, state-related university, or independent institution of higher education. In the case of an independent institution of higher education, PHEAA would reimburse the institution up to a maximum of 50 percent of the state-related institutions' average tuition cost. Applicants would have to be residents of the Commonwealth, be active volunteer emergency medical services workers or volunteer firefighters, and be enrolled in a program of undergraduate study leading to an associate's or bachelor's degree. In addition, participants would have to provide to their college or university a sworn statement of fact by the head of their volunteer organization attesting that the applicant has participated in at least 30 percent of the volunteer organization's emergency responses within the past 18 months. A junior volunteer 16 through 18 years of age would have to participate in at least 20 percent of the emergency responses and have attended at least 20 hours of training or classroom instruction on an annual basis to be eligible. The tuition credit would be paid by PHEAA directly to the institution. Funding for the program would be dependent on annual appropriations made by the General Assembly. If insufficient funds are appropriated, payments would be made on a pro rata basis. *Senate Bill 1315 passed the Senate (50-0) on June 9, 2008, and was referred to the House Education Committee.*

[Senate Bill 1316](#) (Baker) would amend the Tax Reform Code of 1971 to create the Volunteer Firefighter and Emergency Medical Services Worker Employer Tax Credit. The tax credit could be used against the Personal Income Tax, the Corporate Net Income Tax, or the Capital Stock and Franchise Tax. The employer could claim \$1,000 per qualified employee up to \$5,000 in any given tax year. The credit could be claimed only once for each active volunteer and could not be claimed if the employee has been claimed by a previous employer during the same taxable year. If the active volunteer is not qualified for the entire tax year, the amount of the tax credit would be prorated. If the employer cannot use the entire amount of the tax credit for the first year of eligibility, the remainder could be carried forward up to three years. A taxpayer would not be eligible to carry back, obtain a refund of, sell or assign an unused tax credit. If a pass-through entity (partnership or Pennsylvania S Corporation) has any unused credit, it could elect in writing to transfer all or a portion of the credit to shareholders, members or partners in proportion to the share of the entity's distributive income to which the shareholder, member or partner is entitled.

To be eligible for the tax credit, a taxpayer must employ an active volunteer within the Commonwealth and implement a policy that permits an active volunteer to be absent from work, without penalty, for the purpose of responding to a duty call, fire protection call, emergency call or annual emergency services training. The volunteer would have to provide verification from the head of the volunteer organization that he or she was

responding to a call or participating in training. If an employer claims the credit and then takes adverse employment action against a volunteer for responding to emergency calls, the employer would have to repay the credit and reinstate the employee to his or her former position and pay all lost wages and benefits. The State Fire Commissioner and the Director of the Emergency Medical Services Office in the Department of Health would be responsible for developing a point system that establishes annual requirements for designating firefighters and emergency medical services responders as active volunteers. The bill would authorize up to \$5 million in tax credits in each fiscal year. If requested credits exceed the cap in any given year, they would be allocated on a pro rata basis. The act would apply to taxable years beginning after December 31, 2008. No later than June 1, 2010, and September 1 of each year thereafter, the Department of Revenue would be required to report to the General Assembly on the tax credits granted and the applicability of the tax credit to the retention of active volunteers. *Senate Bill 1316 passed the Senate (50-0) on June 9, 2008, and was referred to the House Finance Committee.*

[Senate Bill 1169](#) (Dinniman) would create the Municipal Volunteer Emergency Responder Incentive Act to authorize municipalities to enact a tax credit against an active volunteer fire or emergency responder's earned income tax liability. The maximum amount of the tax credit could not exceed \$400. The tax credit could only be used against an individual's earned income tax liability for the current taxable year. At least 30 days prior to the adoption of a resolution providing for the tax credit, the governing body of a municipality would have to give public notice of its intent to adopt a resolution or ordinance to establish the tax credit and hold at least one public hearing on the proposal.

The State Fire Commissioner would be required to create a volunteer fire service credit program that establishes the annual requirements for the designation of an active member of a volunteer fire company. The Director of the Bureau of Emergency Medical Services in the Department of Health would be required to create a similar credit program for emergency medical services providers. The heads of the local volunteer organizations would be required to maintain service logs documenting the activities of each volunteer, which would be subject to review by the Auditor General, the Department of Revenue and the local municipalities. Any person who knowingly makes or conspires to make a false service record report, or provides or conspires to provide false information used to compile a false service record report, would commit a first degree misdemeanor. *Senate Bill 1169 passed the Senate (50-0) on June 11, 2008, and was referred to the House Finance Committee.*

Other Legislation

Road-side Charitable Fundraising for Emergency Responders

[Senate Bill 351](#) (Robbins) would amend Title 75 (Vehicles) to provide an exemption to the prohibition on soliciting contributions along a roadside. The bill would exempt organizations representing law enforcement personnel, firefighters, or other individuals who protect the public safety from the prohibition. The solicitation would have to occur at a controlled-intersection approach which has a traffic signal or a stop sign and is located on a two-lane highway having a maximum speed limit of 35 miles per hour or less. The charitable organization would have to obtain the written approval of the political subdivision where the solicitation occurs and the Department of Transportation if federal-aid system highways are involved. The political subdivision and the Department could base their decisions regarding approval on public safety or traffic operations issues. Approval could be revoked if concerns are raised due to unanticipated public safety or traffic operations events. *Senate Bill 351 was laid on the table in the Senate on October 24, 2007.*