

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1021H.01I
Bill No.: HB 833
Subject: Tax Credits; Taxation And Revenue - Income; Taxation And Revenue - General;
Revenue, Department Of; Fire Protection; Emergencies; Employees - Employers
Type: Original
Date: March 3, 2025

Bill Summary: This proposal authorizes the "volunteer first responder tax credit", relating to tax credits for certain first responders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue Fund*	\$0	More or less than (\$4,202,149)	More or less than (\$4,190,327)
Total Estimated Net Effect on General Revenue	\$0	More or less than (\$4,202,149)	More or less than (\$4,190,327)

*Oversight notes the cost for the volunteer first responder tax credit and (1) DOR FTE.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	0	1 FTE	1 FTE
Total Estimated Net Effect on FTE	0	1 FTE	1 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration-Budget & Planning (B&P)** assume this proposal would grant a tax credit for certain volunteer first responders starting with tax year 2026. Qualifying first responders must be volunteer reserve police, volunteer firefighters, or volunteer EMS. A qualifying taxpayer may only claim one credit regardless of how many qualifying volunteer roles they hold per year.

The tax credit shall be \$250 for a qualifying taxpayer that was an active volunteer for the full year. For taxpayers that are only active part of the year, they may receive a prorated credit for the month(s) they were active. The credit is not refundable, cannot be carried forward, and may not be transferred or sold. This credit will sunset December 31, 2031, unless reauthorized.

Based on information provided by DPS, there are 1,548 active volunteer reserve police and 14,000 active volunteer firefighters in Missouri.

Based on data published by the Bureau of Labor Statistics there are 7,170 active EMS workers in Missouri. Based on research published by the National Institute of Health (NIH), approximately 13% of all EMS work on a volunteer basis. Therefore, B&P estimates that of the 7,170 active EMS workers, approximately 932 are volunteer.

Based on the information above, B&P estimates that around 16,480 individuals may qualify for this tax credit. At \$250 per taxpayer, B&P estimates that this proposal could reduce TSR and GR by \$4,120,000 annually, beginning FY27 (when tax year 2026 income tax returns are filed).

Table 1: Estimated Impact

Volunteer Service	Qualifying Taxpayers	Total Credit
Reserve Police	1,548	\$387,000
Firefighter	14,000	\$3,500,000
EMS	932	\$233,000
Total	16,480	\$4,120,000

Officials from the **Department of Revenue (DOR)** assume this proposal starting January 1, 2026, will grant a volunteer firefighter, volunteer EMS personnel or reserve peace officer a tax credit in the amount of \$250 annually. The credit is not refundable, sellable or transferable but can be carried forward to another tax year.

DOR reached out to the Department of Public Safety (DPS) for the number of volunteer firefighters and reserve peace officers. There are 14,000 active firefighters in Missouri currently and 1,548 reserve peace officers. DPS did not have information as to the number of volunteer EMS personnel. DOR was unable to find an estimate either. Therefore, they assume the estimate provided below could be exceeded.

DOR assumes this would result in a loss to general revenue of \$3,887,000 [(14,000 firefighters + 1,548 peace officers) *\$250 credit] annually. DOR notes that the first time this credit could be claimed on the tax return is January 2027 (FY 2027).

DOR will need to modify the MO-TC form (\$2,200), the Department's website and computer program (\$1,832). DOR's existing tax credit staff is no longer able to take on any additional tax credits without additional resources. Due to the intensive knowledge of credits that is needed DOR is not able to use temporary staff to help with processing these returns. This proposal would require at least one FTE Associate Customer Service Rep at a salary of \$37,020.

Oversight notes the officials from the DOR assume the proposal will have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the impact for 1 FTE (Associate Customer Service Rep at \$37,020 annually) for DOR in the fiscal note effective FY 2027.

Oversight notes DOR requests a one-time cost for form and computer updates to comply with the proposed language; however, Oversight notes that DOR receives appropriation for routine updates and will not show those costs in the fiscal note.

Upon further inquiry, **DPS** noted the following:

Peace Officers	1,533
Firefighters	23,000

Upon further inquiry, the **Department of Health and Senior Services (DHSS)** noted that the Department doesn't have an exact number but there are roughly 3,000 EMS volunteers in the State of Missouri.

Oversight notes that according to the National Fire Protection Association NFPA estimates there were an estimated 1,041,200 career and volunteer firefighters in the United States in 2020. Of the total number of firefighters 364,300 (35%) were career firefighters and 676,900 (65%) were volunteer firefighters. (<https://www.nfpa.org/education-and-research/research/nfpa-research/fire-statistical-reports/us-fire-department-profile>) Therefore, from 23,000 overall firefighters in MO 14,950 are volunteer firefighters.

Oversight notes the total number of volunteers provided by various agencies to calculate the potential impact as follows:

Volunteer Class	Total Volunteers	\$250 x Total volunteer class
Peace Officers	1,533	\$383,250
Firefighters	14,900	\$3,725,000
EMS	3,000	\$750,000
Total	19,433	\$4,858,250

Oversight notes that the B&P estimates are aligned closely with the research shown above, therefore, Oversight will reflect the B&P estimated impact in the fiscal note and reflect more or less than the estimate due to the annual changes of membership amongst peace officers, EMS, or firefighter volunteers, beginning FY 2027.

Officials from the **Oversight Division** assume the proposal will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Costs</u> - §§135.875 (\$250) Tax Credit p.4	\$0	More or less than (\$4,120,000)	More or less than (\$4,120,000)
<u>Costs</u> - §§135.875 DOR FTE Administration of the program			
Personnel Service	\$0	(\$37,760)	(\$38,516)
Fringe Benefits	\$0	(\$30,926)	(\$31,229)
Expense & Equipment	\$0	(\$13,463)	(\$582)
<u>Total Costs – DOR p.4</u>	<u>\$0</u>	<u>(\$82,149)</u>	<u>(\$70,327)</u>
FTE Change	0 FTE	3 FTE	3 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>More or less than (\$4,202,149)</u>	<u>More or less than (\$4,190,327)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes the "Volunteer First Responder Tax Credit Act".

Beginning January 1, 2026, a qualified taxpayer who serves as a volunteer firefighter, volunteer EMS personnel, or reserve peace officer for the entire calendar year will be allowed to claim a tax credit in an amount equal to \$250.

If the otherwise qualifying taxpayer does not serve for the entire tax year, the maximum amount of the tax credit must be prorated. The proration will equal the maximum amount of credit for the

tax year divided by 12, and multiplied by the number of months in the tax year that the taxpayer served as a volunteer.

A taxpayer is considered a volunteer firefighter, volunteer EMS personnel, or reserve peace officer for the entire month if:

- (1) He or she serves in that capacity during any part of the month; and
- (2) He or she attends at least one fire meeting, fire call, emergency call, or other similar meeting or emergency response.

If the taxpayer serves in multiple qualifying volunteer roles, the tax credit can be claimed for only one role, per tax year.

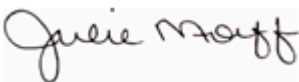
A qualifying taxpayer must submit a verification statement when filing his or her state income taxes. The tax credits are not refundable and can not be carried forward to any subsequent tax year. The tax credit can not be assigned, transferred, sold, or otherwise conveyed.

The provisions of this program sunset on December 31, six years after the effective date of this bill.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration – Budget & Planning
Oversight Division
Joint Committee on Administrative Rules
Office of the Secretary of State



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