



# INTERNATIONAL ASSOCIATION OF FIRE CHIEFS

*Providing leadership for the fire and emergency services since 1873*

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## **Federal Taxation of Volunteer Incentives**

### **Background**

Nationally, there are around 800,000 volunteer firefighters in the United States, according to the NFPA's *U.S. Fire Department Profile Through 2003*. One reason is the increased demands from fire departments on their volunteers' time due to the increase in emergency response calls, the need for ongoing training, and the increasing need to undertake specialized training. Another reason is the struggle to balance the career and family obligations of today's two-income families.

However, a significant reason for the decline in firefighting and emergency medical service volunteers – and one for which there is a legislative remedy – is the lack of a comprehensive benefits and incentives program. Benefits are necessary to protect the livelihood of the volunteer and his or her family in the event the volunteer suffers a significant injury or dies while on duty. Incentives are designed to recognize their personal achievements and to motivate them to improve their skills and participation.

Representative John Larson (D-CT) introduced the Volunteer Responder Incentive Protection Act of 2005 (H.R. 1405), which would amend the Internal Revenue Code to exclude from income and employment taxes any property tax rebates or other benefits provided to volunteer firefighters and emergency medical responders. He introduced this bill because many Connecticut towns offer property tax abatement to volunteer firefighters and emergency medical personnel to assist departments with recruitment and retention. The IRS began to count this incentive as taxable income. The IAFC believes that taxing such incentives makes them ineffective, and may hinder recruitment and retention of volunteer emergency responders. H.R. 1405 has 43 cosponsors. Senator Christopher J. Dodd (D-CT) and Senator Gordon Smith (R-OR) recently introduced S. 1906 as a companion bill to H.R. 1405.

### **Where It Stands**

The first step toward passing H.R. 1405 and S. 1906 is to sign on as many cosponsors as possible.

### **IAFC Focus**

- The IAFC is working to secure cosponsors on H.R. 1405 and S. 1906 to help them move through both the House and the Senate.