

TO: QVCOG Board of Delegates
FR: Susan G. Hockenberry, Executive Director
RE: Act 172 Volunteer Firefighter/EMT Tax credit
August 8, 2017

The Managers and Secretaries Committee of the Quaker Valley Council of Governments reviewed options for a tax rebate for volunteer Firefighters and EMTs, as enabled by Act 172 of 2016 for the purposes of making a recommendation to the QVCOG Board of Directors. In addition to reviewing the provisions of the Act, research into how other COGs and municipalities are providing the rebate was performed, literature from the Pennsylvania Municipal League was reviewed, and a focus group of Fire Chiefs in the QVCOG area was conducted July 10, 2017.

It is requested that the Board of Directors adopt this report as a recommendation to the members at the August 17, 2017 Board of Delegates meeting. If approved, Delegates are asked to provide this recommendation to the member governing boards.

Summary:

Act 172 of 2016 provides for a local tax credit program for volunteer firefighters and EMTs. It is not mandatory and each municipality decides for itself if to have a program and how to implement it. The law allows tax credits for real estate tax and earned income tax. It is implemented via ordinance.

Understood Purpose:

The purpose of the credit is to express appreciation for volunteer hours serving the public. It is recognized that, while such an expression is a way to say thank you, the value of the service by volunteer Firefighters and EMTs in our communities is immeasurable. The potential, however, for this credit to address long term challenges of the volunteer emergency system is limited and the rebate program stimulating greater participation is unlikely.

Goals of the Rebate Program:

1. Consistency and fairness should be the goal of the tax rebate program.
2. The program should not result in competition for volunteers or reduction of support for fire departments.
3. The rebate should value volunteer effort consistently. In other words, the rebate should be equal for all qualified volunteers, regardless of their personal financial situation.
4. The program should provide predictability for municipal budgets.

Recommendation:

1. Member municipalities should adopt a Firefighter and EMT tax rebate pursuant to Act 172 of 2016.
2. A definition of active volunteer should be established. It is recommended that an active volunteer is defined as a volunteer who performs 50 or more hours of service per year, AND meets the minimum active status requirements of their individual fire department.
3. Fire Chiefs should approve an annual roster of volunteers and provide that certification to the home municipality of each volunteer by December 31 of each year.
4. The credit should be for earned income tax only. Although the law allows for real estate tax rebate, it was the consensus of the Managers and Secretaries Committee that Earned Income Tax rebates express appreciation more consistently by removing the valuation of real estate from consideration.
5. The rebate should be equal to 1% of earned income tax paid
6. The rebate should be limited to a maximum of \$300 per year. This amount should be set by annual Resolution as referenced in the Ordinance authorizing the tax rebate program.
7. The rebate should be available for all firefighter and EMT volunteers that are residents of the municipality, regardless of where they serve.
8. Member municipalities should act quickly to adopt during Fall 2017. There is a limited amount of time to adopt the ordinance to be effective for tax year 2017. In addition to 2 readings of the ordinance, a public hearing is required.

Advisory Only:

A few members have already adopted an ordinance and nothing about this advice should be construed to suggest they should revise their programs based upon it. Further, the advice is provided as a service to the QVCOG members and is not a substitute for legal advice. A model ordinance and additional guidance is available from the Pennsylvania Municipal League at www.pamunicipalleague.org