

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: House Bill 109 (First Edition)

SHORT TITLE: Firefighter/Rescue Squad Tax Deduction.

SPONSOR(S): Representatives Setzer, Underhill, Wilkins, and Thomas

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
REVENUES	(10.5)	(10.7)	(10.8)	(11.0)	(11.2)
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Revenue					
EFFECTIVE DATE: January 1, 2007					

BILL SUMMARY: House Bill 109 allows for an income tax deduction for firefighters and rescue squad workers by establishing a deduction from NC taxable income of \$2,000. To be eligible for the deduction, firefighters and rescue squad workers must attend at least 36 hours of drills, training, and meetings during the taxable year.

ASSUMPTIONS AND METHODOLOGY: In order to calculate the fiscal impact of HB109, the potential number of eligible firefighters and rescue squad workers affected was determined. Data provided by the NC Fireman’s Association, and the NC Association of Rescue and EMS workers was the basis of this determination. According to the respective associations, there are 48,905 paid and volunteer firefighters, and 25,944 paid and volunteer rescue squad and EMS workers.

To calculate the reduction in income tax revenues collected, it was assumed all paid and volunteer workers would be eligible for the tax deduction. An additional assumption, based on NC Employment Security Commission salary data for firefighters and EMS workers, as well as the average state annual salary for all employees, is that the deduction applies to the 7 percent income

tax rate. Moreover, since the \$2,000 tax deduction applies to each eligible taxpayer regardless of filing status, no adjustments were made based on the possible filing status of these workers.

Finally, it was assumed that the growth in firefighters and rescue squad workers would be the same as the expected growth in the state's overall non-farm employment as estimated by Moody's economy.com.

SOURCES OF DATA: NC Fireman's Association; NC Association of Rescue and EMS; NC Employment Security Commission; and Moody's economy.com

TECHNICAL CONSIDERATIONS: None

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