

MEETING FIRE DEPARTMENTS
EIT
JANUARY 24, 2018

COUNCIL ATTENDING: ERIKA JOSEFOSKI, TIM CORNUET, LOU ANN HOMA

REPRESENTATIVES FROM EUREKA, HIGHLAND AND SUMMIT

DISCUSSED THE PA DEPT OF REVENUE \$100.00 TAX CREDIT ON PA INCOME TAX AND EIT TAX CREDITS THROUGH KEYSTONE COLLECTIONS

AFTER DISCUSSING THE PROTOCOL EACH DEPT HAS TO DETERMINE AN ACTIVE VOLUNTEER WHICH INCLUDES RESPONDING TO FIRE CALLS, FUND RAISING, TRAINING AND EXECUTIVE THEY ALL FOLLOW THE SAME PERCENTAGE FOR ATTENDANCE AT 25%

THERE IS A CONCERN THAT VOLUNTEERS THAT DO NOT LIVE IN TARENTUM WILL NOT RECEIVE ANY TAX CREDITS. BRAD JAMES ASKED IF INSTEAD OF A TAX CREDIT CAN THE BORO JUST GIVE EACH VOLUNTEER A STIPEND. IT WAS EXPLAINED THAT ANY VOLUNTEER WHOSE COMMUNITY HAS THE ACT 172 ORDINANCE WILL BE ABLE TO RECEIVE A TAX CREDIT FROM THEIR MUNICIPALITY. TIM CORNUET SAID HE HAS SPOKEN TO A FEW COMMUNITIES INCLUDING HARRISON TWP AND BRACKENRIDGE TO SEE IF THEY ARE ADOPTING AN ORDINANCE FOR TAX CREDITS, HE STATED HARRISON IS WORKING ON FOR THEIR FIRE DEPTS

ERIKA EXPLAINED THAT AFTER THE ORDINANCES ARE WRITTEN THE BORO WILL CONTACT EACH DEPT WITH THE INFORMATION THEY WILL NEED AFTER THE ORDINANCES ARE PASSED, THEY WILL NEED TO BE FORWARDED TO KEYSTONE AND PA DEPT OF REVENUE WHO WILL THEN RETURN A SPREAD SHEET FORM THAT THE BORO WILL ENTER ALL QUALIFIED VOLUNTEER NAMES

I EXPLAINED THAT EACH DEPT IS RESPONSIBLE TO KEEP THEIR OWN RECORDS AND THE INFORMATION MUST BE NOTARIZED AND RETURNED TO THE BORO ON A DATE TO BE DETERMINED THROUGH THE ORDINANCE. THE BORO WILL ALSO PROVIDE EACH VOLUNTEER WITH A LETTER OF CERTIFICATION STATING THEY HAVE MET ALL REQUIREMENTS

JOSH FOX, TERRY CHAMBON AND BRAD JAMES WILL SUBMIT AN UPDATED LIST OF VOLUNTEERS SO COUNCIL CAN DETERMINE THE TAX CREDIT. AFTER DOING SOME RESEARCH, I FOUND THAT OTHER MUNICIPALITIES ARE GIVING CREDITS FROM \$300-\$500

[MUNICIPAL LETTERHEAD]

APPLICATION FOR VOLUNTEER SERVICE TAX CREDIT

NAME: _____

ADDRESS: _____

CITY, ZIP CODE: _____

NAME OF VOLUNTEER FIRE COMPANY: _____

[NAME OF EMERGENCY MEDICAL SERVICE AGENCY: _____]

I, _____, do hereby apply for the [Name of Borough/Town/Township] Volunteer Service Tax Credit Program and certify I met the following requirements in [Year].

I completed the requirements for my classification as outlined by the Bylaws for the [Name of Volunteer Fire Company],

I am a member in good standing and I achieved the minimum hours of service required by the [Name of Borough/Town/Township] at the [Name of Volunteer Fire Company], and

I was not on probation, as defined by the Bylaws for the [Name of Volunteer Fire Company].

SELECT ONLY ONE CATEGORY BELOW:

Active Firefighter. I have completed Interior Firefighters Training or equivalent training based on my expected performance classification.

Business Member. I have met the requirements set forth in the Bylaws for the [Name of Volunteer Fire Company] to achieve Business Member status.

Volunteer Signature

Date

I, _____, Chief of the above-mentioned Volunteer Fire Company [or Nonprofit Emergency Medical Services Agency], do hereby CERTIFY and ATTEST that in [Year] the Applicant-Volunteer has satisfied the criteria required by [Name of Borough/Town/Township] Volunteer Service Tax Credit Program.

Chief

Date



Guidance on Act 172 of 2016

The Pennsylvania Municipal League, the Pennsylvania State Association of Boroughs, the Pennsylvania State Association of Township Commissioners, and the Pennsylvania State Association of Township Supervisors prepared this guidance in consultation with the Pennsylvania State Fire Commissioner and the Department of Community and Economic Development. The guidance includes a sample ordinance.

Act 172 of 2016 provides municipalities with the option to offer a real estate or earned income tax credit to active members of volunteer fire companies and nonprofit emergency medical service agencies through a volunteer service credit program. Active volunteers who meet the service credit criteria established by the municipality in consultation with the fire chief or supervisor of the EMS agency would be eligible for the tax credit. Each municipality may choose whether to offer the earned income tax credit, the real estate tax credit, or both.

Real estate tax credit: The real estate tax credit is limited to 20 percent of the municipal real estate tax liability for residential real property owned and occupied as the domicile of an active volunteer.

- The real estate tax credit will work as follows: an active volunteer would pay their municipal real estate tax bill and then file an application for the real estate tax credit with the municipality. If approved, the municipality would issue a check to the active volunteer as a real estate tax credit rebate. The municipality would need to approve the application if it was for residential real property owned and occupied by the applicant and they met the criteria required by the municipality to be considered an active volunteer for the prior year.
- The credit will **not** be printed on real estate tax bills.
- The municipality should verify with the county that an active volunteer is an owner-occupant of property within its jurisdiction by verifying that the property is registered for the Homestead Exemption. The tax bill that is submitted with the application may contain this documentation.

Earned income tax credit: The municipal earned income tax credit must be set at a flat amount.

- If a volunteer's tax liability is less than the flat amount, their credit is limited to their total tax liability.
- The credit only applies to an earned income tax levied by the municipality under the Local Tax Enabling Act.
- It does **not** apply to an earned income tax levied for open space purposes or to replace the occupational assessment tax.

- Only residents of the municipality who are active volunteers could apply for the tax credit. A nonresident option is not available.
- The state Department of Community and Economic Development will update the statewide earned income tax form to account for the new flat rate tax credit for municipalities that choose to implement the credit and will provide for separation of the school earned income tax liability from the municipality's earned income tax liability. Note that under Act 150 of 2016, DCED is responsible for developing statewide forms for earned income tax collection, which all tax officers must accept.
- The active volunteer would apply for the credit when they file their EIT taxes for 2017 in 2018 and in later years and will provide documentation from the municipality that they are entitled to the tax credit.

Ordinance adoption process: At least 30 days prior to adoption of the ordinance, the municipality must place a legal advertisement of its intent to adopt an ordinance implementing the tax credit and then must conduct at least one public hearing on the issue. Once adopted, the ordinance would need to be sent to the Office of the State Fire Commissioner, as well as the county law library and the tax officer for the municipality's tax collection district (*if adopting an EIT tax credit.*)

Who would qualify for the tax credit? A member of a volunteer fire company or a nonprofit emergency medical services agency identified by the municipality that meets service criteria established by the municipality in consultation with the VFC and EMS companies. Members who are volunteer emergency responders would qualify, as well as volunteers who are members, but serve in other roles, such as ladies auxiliary. The municipality should set criteria or participation levels for the different classes of membership.

What happens if many of our volunteers live outside of our municipality? Since each municipality can only offer the credits to volunteers who are residents, we recommend working with the neighboring municipalities that are also served by the same VFC or EMS agency to see if they would be willing to implement the program and consider using the same tax credit levels and requirements for all municipalities served.

Eligibility period: If implementing the tax credit, it may be set up so that the service is earned in 2017 and the credit would apply toward the 2018 real estate tax or the 2017 earned income tax liability when filing tax forms in 2018. These timeframes could be adjusted for future years.

How will the volunteers earn credit? While the tax credit program must be established by ordinance, program criteria for earning the credit should be set by the municipality by resolution. Act 172 states that the municipality must consider the following activities when creating its tax credit program:

- the number of emergency calls to which a volunteer responds;

- the level of training and participation in formal training and drills for a volunteer;
- the total amount of time expended by a volunteer on administrative and other support services, including, but not limited to: fundraising, providing facility or equipment maintenance, financial bookkeeping; and
- the involvement in other events or projects that aid the financial viability, emergency response, or operational readiness of a volunteer fire company or a nonprofit emergency medical services agency.

Other considerations for earning credit:

- Municipalities should also consider the total number of years the volunteer has served.
- If the fire company has a Length of Service Award Program (LOSAP) in place, the municipality should consider using the criteria for that program for consistency and to limit recordkeeping for the fire chief.
 - For existing LOSAP programs, most require a participation level of 20 to 35 percent of activities for volunteer firefighters to qualify for the program benefits. This could include participation in emergency calls, meetings, training, certifications earned, work detail, time spent on standby, and holding an elected or appointed position within the organization.
 - Non-firefighter members are usually required to have a higher participation level, often at 30-35 percent participation. This could include meetings, fundraisers, administrative support, equipment maintenance, and holding an elected or appointed position within the organization.
- The municipality will determine the guidelines and criteria for participation in its program in consultation with the chief of a volunteer fire company and the supervisor of a nonprofit emergency medical services agency. The required criteria should be adopted by resolution and reference or include forms and applications necessary to implement the program.
- Social members should not be eligible for the tax credit.

Injured Volunteer: If a volunteer who is an emergency responder is injured during a response to an emergency response call and can no longer serve as an active volunteer because of the injury, he or she is entitled to receive the tax credit under Act 172. The injured volunteer must submit self-certification and an application with documentation from a licensed physician. An injured emergency responder may receive the credit for up to five consecutive tax years.

Tracking service activities: The chief of a volunteer fire company and the supervisor of a nonprofit emergency medical services agency are responsible for logging service records of active volunteers to document the activities of each volunteer that qualifies for credit and the calculation of total credits earned for each volunteer in their organization. These records are subject to periodic review by the Fire Commissioner, the Auditor General, and the municipality enacting the ordinance.

Notarized list: The chief and supervisor must provide a notarized list of volunteers that qualify for the tax credit each year, no later than 45 days before the tax notices are distributed. Note that tax notices are distributed between January 15 and March 1 of each year. In order to comply with the 45 day notice timeframe, the annual credit period may need to end as early as November 30.

Application process: An active volunteer who wants to take advantage of the credit must sign and submit an application for certification to their chief or supervisor, who will sign and attest that the active volunteer meets the qualifications of the program or can no longer serve due to an injury. The application is then forwarded to the municipality for review.

Review process: The municipality cross-references the application with the notarized eligibility list. If the active volunteer is on the notarized list, they should be approved by the governing body at a public meeting and the municipality then issues a tax credit certificate to the active volunteer. If adopting an EIT tax credit, the municipality should work with the tax officer for its tax collection district to develop a certificate acceptable to the tax officer, which the active volunteer would include with their EIT return. The municipality maintains an official tax credit register of all active volunteers that were issued tax credit certificates for a particular year and provides the list and any updates to the fire chief, EMS supervisor, and the tax officer for the tax collection district *(if applicable)*.

Appeals: The municipality must provide a process for appealing a denial of an earned income tax credit and/or real property tax credit. Appeals of the earned income tax credit denials should be made under municipality's procedure in its Local Taxpayer Bill of Rights ordinance. Appeals of real estate tax credit denials should be made under the Local Agency Law.

Please keep in mind that this guidance document is intended to be an informational resource only. PSATS does not guarantee its legal effectiveness nor its appropriateness to any particular situation. PSATS encourages township officials to review and discuss all proposed ordinances and resolutions with their solicitor.



|| SENATE OF PENNSYLVANIA
BILL SUMMARY

House Bill 1683
Printer's No. 2507

Prime Sponsor: Warner
Committee: Veterans Affairs and Emergency Preparedness

SYNOPSIS:

House Bill 1683 would amend Title 35 (Health & Safety) by authorizing counties, municipalities and school districts to establish Income/Property Tax credits to Volunteer Fire Fighters and EMS Providers.

SUMMARY:

Amends Title 35 (Health & Safety) by adding a new Section 79-A (Incentives for Volunteers of Fire Companies and Emergency Medical Services Agencies).

Section 7903-A would define: Active Volunteer, Commissioner, County, Earned Income Tax, Emergency Medical Service Agency, Governing Body, Local Tax Enabling Act, Municipality, School District, Tax Credit, Volunteer, Volunteer Fire Company, & Volunteer Service Credit Program.

Section 7911-A (Program Authorization) would authorize municipalities to enact via ordinance and school districts via resolution a tax credit against an active volunteer's earned income. If the total earned income tax liability is less than the amount established, the tax credit would be equal to the remaining tax liability. Governing bodies would be required to give a 30 day public notice prior to enactment or adoption and hold a public hearing. The governing body would be required to provide notice to the State Fire Commissioner.

Section 7912-A (Claim) would allow an individual who is subject to an earned income tax and is certified to claim a tax credit. A husband or wife would be allowed to claim any tax credit provided for under this act when filing a joint return. The tax return form shall provide a mechanism for separating the liability of an individual for any earned income tax imposed by the school district of residence from the liability of an individual for any earned income tax imposed by the municipality.

Section 7912-A (Real Property Tax Credit) would authorize counties and school districts to enact via resolution a tax credit against an active volunteer's real property tax. The tax credit would be limited to no more than 20 percent of the volunteer's tax liability.

Section 7913-A (Limitations) would allow the tax credits could be used against the volunteer's earned income tax or property tax liability for the current taxable year and each year thereafter. The tax credit shall be in effect until the governing body repeals it.

Section 7921-A (Volunteer Service Credit Program) would require the State Fire Commissioner to establish through regulation a volunteer service credit program within 90 days of the effective date of this section. The volunteer service credit program shall consider the following: the number of emergency calls to which a volunteer responds; the level of training and participation in formal training and drills for a volunteer; the total amount of time expended by a volunteer on administrative and other support services; the involvement in other events or projects that aid the volunteer fire company or an EMS agency. The State Fire Commissioner shall also adopt guidelines, forms and applications necessary to implement this section.

Section 7922-A (Service Record) would require a chief of a volunteer fire company or the supervisor or chief of an EMS agency - or their designees - to establish and maintain a service log that documents the activities of each volunteer that qualifies for a credit toward active service. Service logs would be subject to periodic review the State Fire Commissioner, the Auditor General, and the governing body of the county, municipality, and school district.

Section 7923-A (Certification) would require the volunteer to sign and submit an application to the chief of the volunteer fire company or the supervisor or chief of the EMS agency where the volunteer serves. The chief/supervisor would have to sign the application attesting to the individual's status and then forward the application to the governing body for review and processing.

Section 7924-A (Rejection & Appeal) would require a governing body that establishes a tax credit under this chapter to adopt, by ordinance, a process for rejecting a claim by an active volunteer who does not satisfy all of the criteria established under this chapter for each type of tax credit provided. An active volunteer shall have the right to appeal a claim that has been rejected by a governing body. The governing body shall establish, by ordinance, the procedure by which a rejected claim can be appealed.

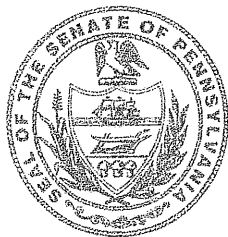
Section 7931-A (Penalties for False Reporting) would make it a misdemeanor of the first degree punishable by a fine of \$2,500 for any person who knowingly makes or conspires to make a false service record report or provides or conspires to provide false information that is used to compile a service record.

Effective Date: 60 Days

BILL HISTORY:

HB 1683 was unanimously passed by the House.

Prepared by: N. Silcox 9/26/2016



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Prepared by: N. Silcox 9/26/2016

- **Volunteer First Responder (Act 172) Credit**

- I am an active volunteer firefighter or EMT. Is there an easy way to receive the municipal Act 172 tax credit?

Yes. Keystone's *e-file* is the fast and easy way to claim your credit. If your community provides an active volunteer local tax credit, and you are certified under your municipality's ordinance, simply file your return online. Your resident municipality must include your name and tax ID information on its list of certified volunteers submitted to Keystone. *e-file* will automatically generate your credit when you file your return online.

- Do all volunteer firefighters and EMTs qualify for the Act 172 municipal earned income tax credit?

No. The local municipality must pass an ordinance approving the Act 172 municipal tax credit. Active volunteer firefighters and EMTs qualify for the credit by meeting the criteria set forth in the municipal ordinance. The municipality must certify that these active volunteers qualify for the credit each year. The municipality will then send a list of the qualified volunteers to the Tax Officer.

- Are there limits on what portion of my earned income tax qualify for the Act 172 municipal earned income tax credit?

Yes. The Act 172 credit is limited to the municipal portion of the base earned income tax and does not include the school district portion.

Base tax is defined as the local income tax amount levied and otherwise payable under Chapter 3 of the *Local Tax Enabling Act*, and not additional amounts levied pursuant to another authority (such as for the protection of open space or the elimination of the occupation tax). The credit cannot exceed the active volunteer's municipal base tax liability.

Here is an example that might be useful:

Example: An active volunteer's wages/net profits subject to local earned income tax total \$120,000. This taxpayer's resident municipal base tax rate is 0.5%, the municipal Open Space tax is an additional 0.25%. The school district earned income tax rate is 0.5%. The total tax rate in this example is 1.25%. This taxpayer's total local income tax liability is \$1,500 ($\$120,000 \times 1.25\% = \$1,500$). The portion subject to the Act 172 credit for this taxpayer is \$600 ($\$120,000 \times 0.5\% = \600). If the municipality sets a maximum flat dollar credit of \$500 in its ordinance, this taxpayer would qualify for a \$500 credit.

Wages/net profits subject to earned income	
tax.....	\$120,000.00

	Total earned income tax	
liability.....		\$1,500.00
	(wages/net profits x 1.25%)	
	Subtract school district portion of earned income tax	
liability.....		(\$600.00)
	(0.5% not subject to Act 172 credit)	
	Subtract portion exceeding base tax as defined by Chapter 3 of the	
	LTEA.....	(\$300.00)
	(Open Space tax add-on of 0.25% not subject to Act 172 credit)	
	Base municipal	
EIT.....		\$600.00
	(Amount available for Act 172 credit as defined by Chapter 3 of the LTEA)	
	Credit limit set by local	
ordinance.....		\$500.00
	(In this example)	
	Act 172 Credit for Line	
12.....		\$500.00
	(Enter the lesser of the Base municipal EIT and the Credit limit set by local ordinance)	

Note: If your municipality adopted the Act 172 municipal tax credit, Keystone provided a worksheet that reflects your community's tax credit. You should have received a copy of the worksheet with your certificate application.

- Do I submit my certificate with my tax return to show that I qualify for the Act 172 municipal tax credit?

No. If your municipality certified you as a qualified active Act 172 volunteer first responder, they will include your name on the list of qualified active volunteers they provide Keystone by December 31 each year.

- Is there a specific place on the tax return where I claim the credit?

Yes. Enter the amount of the qualified Act 172 credit on Line 12 of your local earned income tax return.

+ Local Services Tax

+ Phoenixville Occupation Assessment and Per Capita Taxes

