

# LEGISLATIVE UPDATE



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## Volunteer Tax Credit Passes Late in Session

After months of effort to provide volunteer firefighters and emergency workers with incentives to drive recruitment and retention, legislation passed in the final days of the Spring 2023 legislative session will give volunteer emergency workers a \$500 annual income tax credit.

During Spring 2022, at least a dozen individual bills were introduced to provide incentives to volunteer firefighters and EMS. Several of these bills provided an income tax credit in varying amounts ranging from \$500 to \$1,000 per year. One bill, Senate Bill 3097 (Belt,) got close to the finish line last spring, but implementation issues raised by the Pritzker Administration resulted in the bill being held. This spring, legislative advocates and champions persevered and were able to work around most administrative issues during the last few days of May 2023, drafting language that would provide volunteers with a modest tax credit for their service.

Language tucked into Senate Bill 1963, an omnibus revenue package, amends the Illinois Income Tax Act to provide a tax credit to volunteer emergency workers for taxable years beginning on or after January 1, 2023 and beginning prior to January 1, 2028. Qualified volunteers whose information is verified by their fire chief will be eligible to apply for the tax credit for tax year 2023 when they file their state income taxes in April 2024. The date of January 1, 2028 reflects that tax credits

established by legislation are subject to a five-year sunset review process, and it is possible that the credits will be extended beyond 2028.

Under the provisions of Senate Bill 1963 (Public Act 103-9), an individual who serves as a volunteer emergency worker must have worked for at least nine months of the taxable year and have earned less than \$5,000 in annual compensation for their services. Any tax credit given may not reduce a taxpayer's liability to less than zero. The legislative language defines "volunteer emergency worker" as someone who serves as a member of a fire department, fire protection district or fire protection association that has a Fire Department Identification Number, provided the individual does not work on a full-time basis or serve as a full-time employee for another fire department.

To ensure the tax credit for qualified volunteers, a fire chief must notify the Illinois State Fire Marshal of those members who meet the criteria set out in the legislation for the preceding calendar year by January 12 of the current year. The amount of all tax credits that can be awarded by the Department for any calendar year may not exceed \$5 million, and credits will be given on a first-come first-served basis. The Department estimates that the amount allocated for the program will provide tax credits to 10,000 volunteer emergency workers out of 20,000 estimated volunteer

firefighters throughout the state. Because the amount of money allotted to the tax credits is limited to \$5 million annually, it will be important for fire departments to understand what is required to secure credits for their members and be proactive in providing the required information to the State Fire Marshal.

As enacted, the volunteer emergency worker tax credit does leave out a small number of volunteers who have been advocating for the incentive. Hatzalah Chicago, a group of volunteer emergency workers serving the Chicagoland Jewish community, are not certified by the Office of the State Fire Marshal. As volunteer EMS workers, they do not serve under a fire department, protection district or association, posing hurdles with the verification of their volunteer status. Agudath Israel of Illinois has advocated for their inclusion in any tax credit program and will be working to address these administrative issues during the upcoming legislative session. ■