

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7424
BILL NUMBER: SB 447

DATE PREPARED: Jan 15, 2001
BILL AMENDED:

SUBJECT: Volunteer firefighter income tax deduction.

FISCAL ANALYST: Chris Baker
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FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2001	FY 2002	FY 2003
State Revenues			(900,000)
State Expenditures			
Net Increase (Decrease)			(900,000)

Summary of Legislation: This bill entitles active volunteer firefighters to an adjusted gross income tax deduction of \$2,000. The bill also applies to taxable years beginning after December 31, 2001.

Effective Date: January 1, 2002.

Explanation of State Expenditures: The Department of State Revenue will have some additional administrative expenses to accommodate this new deduction in order to change tax forms, instructions and computer programs. These expenses would be covered under its existing budget.

Explanation of State Revenues: This bill provides a \$2,000 individual income tax deduction for taxpayers who are active volunteer firefighters. This would effectively reduce their income tax liability by \$68 per qualifying individual. It is estimated that there are approximately 13,000 active volunteer firefighters in Indiana. The deduction is applicable for tax years beginning January 1, 2002 and therefore could reduce individual income tax revenue by approximately \$900,000 in FY 2003 and in future years. Individual income tax revenue is deposited in the General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: Counties with a local option income tax will experience a minimal loss of local option income tax revenue due to this new deduction.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Counties with a local option income tax.

Information Sources: Gary Robinson, Office of the State Fire Marshal, (317) 232-2227.