

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 23

Session of
2007

INTRODUCED BY O'PAKE, LOGAN, WAUGH, FONTANA, COSTA, WONDERLING,
KITCHEN, PUNT, BOSCOLA, STOUT, RHOADES, C. WILLIAMS, KASUNIC,
RAFFERTY, TARTAGLIONE, PIPPY, ORIE, MUSTO, WOZNIAK, ERICKSON,
WASHINGTON, GREENLEAF, LAVALLE, BROWNE AND FERLO,
JANUARY 29, 2007

REFERRED TO FINANCE, JANUARY 29, 2007

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," further providing for disposition of foreign fire
11 insurance company taxes; and authorizing a tax credit for
12 volunteer firefighters for purposes of personal income tax.

13 The General Assembly finds and declares as follows:

14 (1) Of Pennsylvania's more than 2,400 fire companies,
15 more than 90% are volunteer.

16 (2) Volunteer firefighters are estimated to save
17 Pennsylvania taxpayers as much as \$6 billion per year.

18 (3) The ranks of Pennsylvania volunteer fire companies
19 have declined by more than half over the past 20 years, from
20 an estimated 152,000 volunteer firefighters in 1985 to 70,000
21 or fewer today.

1 (4) The potential public safety crisis that looms as a
2 result of the continuing decline and shortage of active
3 volunteer firefighters necessitates the Commonwealth's active
4 involvement, in partnership with our local communities, in
5 providing volunteer fire service recruitment and retention
6 incentives.

7 (5) A State personal income tax credit for active
8 volunteer firefighters would provide a small financial token
9 of appreciation for the invaluable service these dedicated
10 men and women provide while encouraging others to join in
11 providing this critical public service in our communities.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Section 902 of the act of March 4, 1971 (P.L.6,
15 No.2), known as the Tax Reform Code of 1971, amended June 30,
16 1995 (P.L.139, No.21), is amended to read:

17 Section 902. (a) Imposition of Tax.--Every insurance
18 company, as herein defined, transacting business in the
19 Commonwealth of Pennsylvania, shall pay to the department, a tax
20 at the rate of two per cent of the gross premiums received from
21 business done within this Commonwealth during each calendar
22 year, except that any insurance company which was not subject to
23 this tax prior to 1971 shall be taxed at the rate of one per
24 cent for the year 1971 and thereafter at the rate of two per
25 cent.

26 (b) Disposition of Taxes.--

27 The taxes paid [by] under this act:

28 (1) By foreign fire insurance companies [under this act]
29 shall continue to be distributed and used for firemen's relief
30 pension or retirement purposes, as provided by section two of

1 the act, approved the twenty-eighth day of June, one thousand
2 eight hundred ninety-five (Pamphlet Laws 408), as amended.[; and
3 the taxes paid by]

4 (2) By foreign casualty insurance companies [under this
5 act] shall continue to be distributed and used for police
6 pension, retirement or disability purposes as provided by the
7 act, approved the twelfth day of May, one thousand nine hundred
8 forty-three (Pamphlet Laws 259), as amended.

9 (3) Shall be distributed and used as necessary to offset and
10 to administer the credit under Article XVIII-C.

11 (c) Other Taxes.--All other taxes received under this act
12 and not deducted under subsection (b) shall be credited to the
13 General Fund for general revenue purposes.

14 Section 2. The act is amended by adding an article to read:

15 ARTICLE XVIII-C

16 VOLUNTEER FIREFIGHTER TAX CREDIT

17 Section 1801-C. Short title.

18 This article shall be known and may be cited as the Volunteer
19 Fire Service Tax Credit Law.

20 Section 1802-C. Definitions.

21 The following words and phrases when used in this article
22 shall have the meanings given to them in this section unless the
23 context clearly indicates otherwise:

24 "Firefighter." A member of a volunteer fire company.

25 "State Fire Commissioner" or "commissioner." The State Fire
26 Commissioner appointed pursuant to section 3 of the act of
27 November 13, 1995 (P.L.604, No.61), known as the State Fire
28 Commissioner Act.

29 "Volunteer fire company." A nonprofit chartered corporation,
30 association or organization located in this Commonwealth that

1 provides fire protection services and may offer other voluntary
2 emergency services within this Commonwealth. Voluntary emergency
3 services provided by a volunteer fire company may include
4 voluntary ambulance and voluntary rescue services.

5 Section 1803-C. Tax credit.

6 A person certified as an active volunteer firefighter by the
7 State Fire Commissioner may claim a tax credit of up to \$250
8 from tax imposed under Article III. If the firefighter's total
9 State income tax liability is less than \$250, the credit shall
10 equal the remaining tax liability.

11 Section 1804-C. Volunteer fire service point system created.

12 The State Fire Commissioner shall develop and implement a
13 volunteer fire service point system establishing the annual
14 requirements for designation of firefighters as active volunteer
15 firefighters. To determine whether a firefighter is active, the
16 point system shall take into account, among other factors, the
17 number of emergency calls a firefighter responds to, the
18 firefighter's level of training and participation in formal
19 training and drills, time spent by the firefighter on
20 administrative and other support services, such as fundraising
21 and maintenance of facilities and equipment, and a firefighter's
22 involvement in other events or projects that aid a volunteer
23 fire company's financial viability, emergency response or
24 operational readiness.

25 Section 1805-C. Service logs.

26 (a) Maintenance.--The chief of a volunteer fire company, or
27 the chief's designee, shall maintain a service log documenting
28 the activities of each firefighter that qualify for points
29 toward designation as an active volunteer firefighter under the
30 volunteer fire service point system.

1 (b) Review.--Service logs maintained by volunteer fire
2 companies shall be subject to periodic review by the Auditor
3 General, the Department of Revenue and the governing body of the
4 municipality in which the volunteer fire company is located or
5 provides services.

6 Section 1806-C. Reporting by volunteer fire company.

7 Within ten business days of the end of each calendar year,
8 the chief of a volunteer fire company, or the chief's designee,
9 shall report to the State Fire Commissioner the name and address
10 of each firefighter qualified for the previous calendar year as
11 an active volunteer firefighter under the volunteer fire service
12 point system. The commissioner shall prescribe a format for
13 reporting active volunteer firefighters through the Pennsylvania
14 Fire Information Reporting System (PennFIRS), or any other
15 system approved by the commissioner.

16 Section 1807-C. Certification of active volunteer firefighters.

17 On or before January 31 of each year, the State Fire
18 Commissioner shall certify each firefighter reported under
19 section 1806-C as having met the requirements for designation as
20 an active volunteer firefighter under the volunteer fire service
21 point system. The commissioner, in cooperation with the
22 Department of Revenue, shall develop a procedure for documenting
23 the certification for tax purposes.

24 Section 1808-C. Penalties for false reporting.

25 Any person who knowingly makes or conspires to make a false
26 report under this article to the State Fire Commissioner or
27 provides or conspires to provide false information used to
28 compile a report is guilty of a misdemeanor of the first degree.

29 Section 3. This act shall take effect in 60 days.