



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0243: Provide tax credit for volunteer first responders**

Primary Sponsor: Steve Gist Status: As Introduced

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact  
☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$0	\$93,564	\$92,114	\$93,342
<b>Revenues</b>				
General Fund (01)	\$0	(\$4,000,000)	(\$6,000,000)	(\$8,000,000)
<b>Net Impact</b>	<u>\$0</u>	<u>(\$4,093,564)</u>	<u>(\$6,092,114)</u>	<u>(\$8,093,342)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 243 creates a personal income tax credit for volunteer emergency first responders. The proposed credit will reduce general fund revenue by \$4 million in FY 2027, \$6 million in FY 2028 and \$8 million in FY 2029. The proposed bill will increase general fund expenditures by \$93,564 in FY 2027, \$92,114 in FY 2028 and \$93,342 in FY 2029.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Revenue

1. HB 243 creates a personal income tax credit for volunteer emergency first responders. To claim the credit, a taxpayer must have provided active, uncompensated volunteer service as a member of a volunteer fire company, an auxiliary or reserve law enforcement officer, a volunteer firefighter, a volunteer emergency care provider, or an air and search and rescue volunteer. The credit is equal to \$15 for each hour of verified volunteer service, with a maximum credit of \$1,500. The credit is fully refundable and is available starting tax year 2026.
2. According to the U.S. Fire Administration's national fire department registry, there are approximately 280 fire departments in Montana, with 268 of these being volunteer or mostly volunteer. The 280 departments are reported to have approximately 6,000 active volunteers.
3. According to the Montana Board of Crime Control's Law Enforcement Employment Survey, there were 257 reserve law enforcement officers in 2024 and 43 vacant positions.
4. The Department of Public Health and Human Services reports that there were approximately 1,616 volunteer emergency care providers in 2024.
5. The Montana Department of Transportation estimates that there are fewer than 100 volunteer hours each year associated with volunteer air search and rescue in the state each year.

6. Based on the amounts reported for each type of volunteer that qualifies for the credit, it is assumed that 8,000 taxpayers will qualify for the credit created by HB 243 each tax year.
7. The total number of credits each taxpayer can claim is the lesser of either \$15 for each verified volunteer service hour provided, or \$1,500. The credit is fully refundable, so it is not limited by the taxpayer's tax liability.
8. With a credit of \$15 for each hour of volunteer service, a volunteer would need to volunteer for at least 100 hours during the year in order to meet the \$1,500 cap.
9. The average number of hours provided by volunteer firefighters is generally reported as being in excess of 100 hours each year. However, not all volunteer firefighters may meet this cap, and taxpayers in the other volunteer categories may not meet the 100-hour requirement to reach the maximum credit amount.
10. It is assumed that the average credit amount claimed each tax year will be \$1,000.
11. With an average credit of \$1,000, and 8,000 qualified taxpayers each year, it is assumed that \$8,000,000 in credits could be claimed each tax year the credit is available.
12. It is assumed that some taxpayers will not know of the credit or have the necessary documentation to prove their volunteer hours during the first two years. It is assumed that 50% of the qualified taxpayers will claim the credit the first year it is available. It is assumed that 75% of qualified taxpayers will claim the credit the second year. Finally, 100% of qualified taxpayers are assumed to claim the credit starting TY 2028.
13. With \$8,000,000 possible credits in TY 2026, and an assumed utilization rate of 50%, \$4,000,000 credits will be claimed during TY 2026. With a utilization rate of 75% in TY 2027, \$6,000,000 credits will be claimed during TY 2027. Finally, \$8,000,000 credits will be claimed starting TY 2028.
14. As taxpayers will not know how many volunteer hours they will provide each tax year, it is assumed that taxpayers will not adjust their withholding or estimated payments as a result of the proposed credit.
15. With no changes in estimated payments or withholding, the \$4,000,000 in credits for TY 2026 will reduce general fund revenue by \$4,000,000 in FY 2027. General fund revenue will decrease by \$6,000,000 in FY 2028 and \$8,000,000 in FY 2029.
16. Verifying the hours reported for each of the credits claimed is expected to require a significant amount of time. The department requires 1 additional FTE to administer this credit. This FTE will cost \$93,564 in FY 2027, \$92,114 in FY 2028 and \$93,342 in FY 2029.

## Fiscal Analysis Table

Department of Revenue				
	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b><u>Fiscal Impact</u></b>				
FTE	0.00	1.00	1.00	1.00
<b>TOTAL Fiscal Impact</b>	<b>0.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
<b><u>Expenditures</u></b>				
Personal Services	\$0	\$81,453	\$82,485	\$83,532
Operating Expenses	\$0	\$9,153	\$9,629	\$9,810
Equipment	\$0	\$2,958	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$93,564</b>	<b>\$92,114</b>	<b>\$93,342</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$0	\$93,564	\$92,114	\$93,342
<b>TOTAL Funding of Expenditures</b>	<b>\$0</b>	<b>\$93,564</b>	<b>\$92,114</b>	<b>\$93,342</b>
<b><u>Revenues</u></b>				
General Fund (01)	\$0	(\$4,000,000)	(\$6,000,000)	(\$8,000,000)
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>(\$4,000,000)</b>	<b>(\$6,000,000)</b>	<b>(\$8,000,000)</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	\$0	(\$4,093,564)	(\$6,092,114)	(\$8,093,342)

  
 Sponsor's Initials \_\_\_\_\_ Date \_\_\_\_\_

  
 Budget Director's Initials \_\_\_\_\_ Date 1/24/2025