

Volunteer Firefighter Personal Income Tax Credit Law Update

by Jan VanDeCarr
Legislative Committee

The 2008 calendar year is about to end and this means that tax return time is right around the corner. As you get ready to prepare your tax return for the 2008 tax year, please remember that active volunteer firefighters and ambulance workers are eligible for a \$200 personal income tax credit.

FASNY has received numerous inquiries about this new tax benefit since its adoption in 2006. To help you prepare for your next tax return, below is a list of frequently asked questions:

Question 1: When did this benefit become law?

Answer 1: 2006. During the 2006 New York State legislative session, FASNY and its membership advocated for a personal income tax benefit for volunteer firefighters. As a result, a volunteer firefighter personal income tax credit was included in the state budget and went into effect for the 2007 tax year.

Question 2: Is this tax benefit the same as the volunteer real property tax exemption?

Answer 2: No. In New York, there are two different tax benefits that a volunteer firefighter may qualify for. The first tax benefit is a real property tax exemption. The real property tax exemption may be offered to volunteers through local municipalities (for more information on this tax benefit, please see Question 10). The second tax benefit is the personal income tax credit. This tax benefit is offered through the state.

Question 3: Is the volunteer personal income tax credit available for the 2008 tax year?

Answer 3: Yes.

Question 4: What is the amount of the personal income tax credit?

Answer 4: The amount of the tax credit is \$200 for an individual volunteer. The tax credit is \$400 for a husband and wife who file a joint tax return and who both qualify for the credit.

Question 5: Who does the personal income tax credit apply to?

Answer 5: The tax credit applies to volunteer firefighters and volunteer ambulance workers.

Question 6: Does a volunteer firefighter or volunteer ambulance worker have to be active in order to qualify for the personal income tax credit?

Answer 6: Yes. In order to qualify for the tax credit the individual must be an active volunteer.

Question 7: Can a volunteer receive both the personal income tax credit and the real property tax exemption?

Answer 7: No. A volunteer is not permitted to receive both tax benefits. In other words, a volunteer must choose one or the other.

Question 8: I have been hearing a lot about a legislative proposal that would allow a volunteer to receive both the personal income tax credit and a real property tax exemption. What is this all about?

Answer 8: During the 2008 New York State legislative session, FASNY and its membership advocated for a bill that expanded the volunteer personal income tax credit. The bill passed the New York State Senate and Assembly, but was vetoed by the Governor for financial reasons. The bill would have allowed a volunteer to receive both the personal income tax credit and a real property tax exemption. Because of the current financial crisis in New York, the Governor decided to veto the bill. The volunteer fire service was not the only group that was affected by the Governor's veto pen in 2008. In fact, the Governor vetoed over 150 bills this year due to budget implications.

Question 9: Does the Governor's veto mean that the \$200 personal income tax credit is no longer available?

Answer 9: No. The \$200 personal income

tax credit (\$400 for a husband and wife filing a joint return) is still available. The Governor's veto simply means that a volunteer is not permitted to receive both the personal income tax credit and the real property tax exemption. A volunteer still has the ability to choose one or the other.

Question 10: How do I know if I am receiving or am eligible for a real property tax exemption?

Answer 10: Contact your local assessor. The volunteer real property tax exemption is offered at the local (not the state) level. In New York State, 28 different counties have the ability to authorize a real property tax exemption to volunteers. To determine if the county you reside in authorizes this tax benefit, you should contact your local assessor.

Question 11: Is anything being done to allow a volunteer to collect both the personal income tax credit and the real property tax exemption?

Answer 11: Yes. FASNY advocated for such

a bill in the 2008 legislative session. The bill passed both the New York State Senate and Assembly, but was vetoed by the Governor (see Question 8 above). At FASNY's 2008 Fall Legislative Conference, the FASNY membership decided to include this legislative proposal on the 2009 Scorecard. FASNY will be advocating strongly for passage of this bill again in 2009.

Question 12: How do I apply for the personal income tax credit?

Answer 12: A volunteer applies for the personal income tax credit when the volunteer files his or her New York State income tax return. The New York State Department of Taxation and Finance will develop the tax form for this tax credit.

For more information on the volunteer personal income tax credit or for assistance with questions, please contact FASNY's Legislative Representative K.T. Hannan Public Affairs at (518) 465-6550.