
OLR Bill Analysis

sHB 5722

AN ACT ALLOWING A PERSONAL INCOME TAX DEDUCTION FOR STIPENDS PAID TO VOLUNTEER FIREFIGHTERS AND VOLUNTEER AMBULANCE MEMBERS.

SUMMARY

This bill establishes a personal state income tax deduction of up to \$900 for certain payments volunteer firefighters and emergency medical services (EMS) personnel receive for their service. The deduction applies to “qualified payments,” which federal law defines as any payment provided by a state or political subdivision for services performed as a member of a “qualified volunteer emergency response organization” (i.e., a volunteer organization that is organized, operated, and required to provide firefighting or EMS services in the state or political subdivision).

Under federal law, individuals who receive these qualified payments may exclude them from their gross income for federal tax purposes, up to a maximum of \$600, beginning with the 2020 tax year; they may also exclude certain state or local tax benefits they received for their volunteer service (see BACKGROUND). Because the starting point for Connecticut’s income tax is an individual’s federal adjusted gross income, any federal exemption from gross income automatically applies to Connecticut’s income tax unless state law provides otherwise.

Under the bill, the deduction applies to any qualified payments that are included in the taxpayer’s gross income for federal income tax purposes. In other words, the bill’s state income tax deduction applies in addition to any deduction the taxpayer received for federal income tax purposes. The maximum deduction amount applies regardless of the taxpayer’s filing status.

EFFECTIVE DATE: January 1, 2022, and applicable to tax years

beginning on or after that date.

BACKGROUND

Federal Deduction for Volunteer Firefighters and EMS Personnel

Beginning with the 2020 income year, eligible taxpayers may exclude from their federal gross income any income tax or property tax rebate or reduction provided to volunteer firefighters and EMS personnel by a state or political subdivision. They may also exclude any payment provided by a state or political subdivision on account of services performed as volunteer firefighters or EMS personnel, up to a maximum of \$600 per year (26 U.S.C. § 139B).

Connecticut Property Tax Relief

State law allows municipalities to provide by ordinance property tax relief to specified volunteer emergency personnel, including volunteer firefighters and emergency medical technicians and paramedics. The relief may consist of either (1) an abatement of property taxes due for any fiscal year (up to \$1,500 in FY 21 and up to \$2,000 for FY 22 and thereafter) or (2) an exemption applicable to the assessed value of real or personal property up to an amount equal to \$1 million divided by the mill rate in effect at the time of assessment (i.e., up to \$1,000) (CGS § 12-81w).

Related Bill

HB 6420 (File No. 57), favorably reported by the Planning and Development Committee, increases the maximum property tax exemption municipalities may provide to eligible volunteer emergency personnel from \$1,000 to \$2,000.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute

Yea 24 Nay 0 (03/24/2021)