

# FISCAL NOTE

August 23, 2017

<b>Bill No:</b>	SB 594	<b>Printer's No:</b>	PN 0672	<b>Sponsor:</b>	Stefano
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### COST / (SAVINGS)

<b>Fund (s)</b>	<b>2017-18</b>	<b>2018-19</b>
General Fund	\$1,504,060	\$1,712,265

**SUMMARY:** This legislation amends the Tax Reform Code (Act No. 2 of 1971) in sales and use tax providing for exclusions from tax for firefighters.

**ANALYSIS:** This legislation amends the Tax Reform Code in sales and use tax providing a sales tax exemption to paid and volunteer firefighters for the purchase of accessory, protective, and communications equipment when purchased at retail cost with personal funds. Identification shall be provided at the time of purchase showing the purchaser's status as a firefighter. The sales tax exclusion shall not apply if the equipment is being paid for by the firefighter's fire company or any other entity.

This act shall take effect in 60 days.

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**FISCAL IMPACT:**

**SB 594 PN 672**

**SUT Exemption for Firefighting Equipment Paid for by Firefighters**

Number of Volunteer Firefighters in PA <sup>1</sup>	60,000
Number of Paid Firefighters in PA, 2017 <sup>2</sup>	5,373
Total Firefighters	65,373
Proportion of Firefighters that Use Personal Funds on Equipment	86%
Number of Firefighters that Use Personal Funds on Equipment	56,221
Amount Spent on Equipment <sup>3</sup>	
\$100 or Less	20%
\$101 - \$500	55%
\$501 - \$1,000	17%
More than \$1,000	8%
Amount Spent on Equipment (Averaged) <sup>4</sup>	
\$50	562,209
\$301	9,291,904
\$751	7,172,939
\$2,500	11,244,173
Total	28,271,225
Estimated Tax (After Transfers), 2017	1,605,574
Estimated Tax (After Transfers), 2018 <sup>5,6</sup>	1,683,055
2017-18	1,504,060
2018-19	1,712,265
2019-20	1,785,617
2020-21	1,866,552
2021-22	1,950,349

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### Notes:

1/ The Pennsylvania Senate Veterans Affairs and Emergency Preparedness Committee's Special Report, "The Challenges of Firefighting Today," 2013-14 Legislative Session, estimates there are between 50,000 and 70,000 volunteer firefighters.

[http://www.pfesi.org/publication\\_files/firefighter-special-report-baker.pdf](http://www.pfesi.org/publication_files/firefighter-special-report-baker.pdf)

2/ US BLS, Occupational Employment Statistics, May 2016, State Data:

<https://www.bls.gov/oes/tables.htm>

2016 5,220

2012 4,650

Avg annual growth 2.9%

3/ Ipsos Public Affairs Report, "Two-Thirds of Volunteer Firefighters Report their Department is Underfunded," Public Release Date: January 31, 2011.

<https://www.ipsos-na.com/download/pr.aspx?id=10367>

Statistics are specific to volunteer firefighters, but anecdotal evidence show that paid firefighters also buy at least some of their own equipment.

4/ PA Senate Republicans News Release, "Stefano Introduces Legislation to Provide Assistance to Volunteer Fire Fighters," November 10, 2015, indicates a firefighter may spend up to \$2,500 of personal funds on equipment.

<http://www.pasenategop.com/blog/2015/11/10/stefano-introduces-legislation-to-provide-assistance-to-volunteer-fire-fighters/>

5/ Figures were grown by growth in GDP (IHS, March 2017 Standard).

2018 4.8%

2018-19 4.5%

2019-20 4.3%

2020-21 4.5%

2021-22 4.5%

6/ Figures may be overstated to the extent that some purchases may already be exempt from SUT.