

Department of Legislative Services  
Maryland General Assembly  
2001 Session

FISCAL NOTE

House Bill 266 (Delegate Owings, *et al.*)  
Ways and Means

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**Income Tax - Subtraction Modification - Fire, Rescue, or Emergency Medical Services**

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This bill provides an income tax subtraction modification under the Maryland income tax for income received by an individual bona fide member of a “fire, rescue, or emergency medical services entity” that is attributable to active service outside the State.

The bill takes effect July 1, 2001 and applies to all taxable years beginning after December 31, 2000.

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**Fiscal Summary**

**State Effect:** General fund revenues would decrease by \$480 for every \$10,000 subtracted from income in FY 2002. The overall decrease depends on the number of individuals who would qualify for the subtraction under the bill, the amount of pay received for out-of-State service, and the amount of time spent in out-of-State service. While it cannot be reliably estimated, the decrease is assumed to be relatively minimal.

**Local Effect:** Local government revenues would decrease by \$274 for every \$10,000 State subtraction taken.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** A fire, rescue, or emergency medical services entity means a: (1) governmental subdivision, by its appropriate designated authority; (2) board or fire

commission of a fire department or governmental subdivision; (3) fire department; (4) fire company; (5) rescue squad; or (6) emergency rescue medical services unit.

**Current Law:** No subtraction modification of this type exists under the Maryland income tax.

**State Fiscal Effect:** The extent of any general fund revenue decrease depends on the number of individuals who would qualify for the subtraction under the bill, the amount of pay received for out-of-State service and the amount of time spent in out-of-State service. As a point of reference, revenues would decrease by \$480 for every \$10,000 subtracted from income in fiscal 2002. The overall decrease cannot be reliably estimated but is assumed to be relatively minimal.

The bill applies to local government groups such as the Montgomery County Urban Search and Rescue Team, individuals requested by the Federal Emergency Management Agency (FEMA) for work in other states, and individuals sent to assist in a forest fire detail.

For informational purposes, according to data from the Department of Labor, Licensing, and Regulation, there are approximately 4,213 firefighters and 2,501 Emergency Medical Technicians in Maryland in 2001. The estimated mean hourly wage is \$20.01 and \$12.62, respectively.

Personnel that are requested by FEMA are reimbursed by FEMA. Individuals who assist in fighting forest fires at the request of the U.S. Forest Service under the U.S. Department of Agriculture are reimbursed by the federal government.

According to the Maryland Emergency Management (MEMA), Maryland is infrequently called upon to provide assistance with out-of-State fire disasters. In 1998, 20 individuals were sent to Florida for 10 days to fight fires in that state. Each was paid. These individuals would have qualified for the subtraction under the bill. In 1999, only one was sent out of state to assist with a disaster. Because this individual was a volunteer, he would not have qualified for the subtraction under the bill. According to MEMA, most individuals providing assistance in natural disasters are volunteers and as such would not qualify for the subtraction.

In addition, the Department of Natural Resources Forest Service sent personnel to assist with the western wildfires of 2000. However, it is not known whether or not these individuals would have qualified for the subtraction because it is not clear if they would be considered to be members of a fire, rescue, or emergency medical services entity.

Finally, as drafted, the bill leaves open the possibility that a Maryland resident who works in another jurisdiction (the District of Columbia) would pay no taxes on their wages to Maryland as this individual would presumably perform all work in the District. Under current law, this individual would report and pay taxes on all of the wages to Maryland, but would be exempt from taxation by D.C. under the State's reciprocal agreement with D.C. This would increase any revenue loss.

**Local Fiscal Effect:** Local government revenues would decrease by \$274 for every \$10,000 State subtraction taken.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 642 (Senator Hooper) – Budget and Taxation.

**Information Source(s):** Comptroller of the Treasury (Bureau of Revenue Estimates), Department of Legislative Services

**Fiscal Note History:** First Reader – February 11, 2001  
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