

CONGRESSIONAL DELEGATION URGES BUSH TO END TAXATION OF VOLUNTEER EMERGENCY RESPONDER INCENTIVES

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WASHINGTON, D.C.- The Connecticut Congressional Delegation today urged President Bush to order an administrative stay on an Internal Revenue Service (IRS) order requiring that tax abatements and other benefits allowed to local volunteer emergency responders be counted as federally taxable income. Connecticut and other states have passed laws allowing municipalities to offer such benefits to volunteer firefighters and emergency medical responders and taxation of these benefits may hurt the recruitment and retention of volunteers. The text of the letter is below.
February 11, 2003

President George W. Bush
The White House
1600 Pennsylvania Avenue
Washington, DC 20501

Dear President Bush:

We are writing you today to respectfully urge you to order an administrative stay of Internal Revenue Service ruling #200227003 regarding tax abatement programs. This ruling could have a serious impact on legislation recently enacted in Connecticut and several other states allowing localities to provide property tax abatements and other benefits to volunteer firefighters and emergency medical responders.

Studies conducted by the United States Fire Administration show that 73 percent of all fire departments in the United States are volunteer departments. These volunteer departments account for protecting 38 percent of America's population, in both rural and urban areas. However, statistics have shown that the ranks of volunteer fire companies are shrinking at an alarming rate. The number of volunteer firefighters around the country has declined 5 to 10 percent since the 1980s, while emergency service calls have steadily increased over the same period.

To help localities recruit and retain volunteer firefighters, the State of Connecticut enacted a law allowing among other things, the legislative body of any municipality to establish, by ordinance, a program to abate property taxes due for any fiscal year for a resident of the municipality who volunteers his or her services as a firefighter, emergency medical technician, or ambulance driver in the municipality. Many other states have passed similar initiatives.

However, cities and towns seeking to pass local ordinances providing the abatements or other incentives under the state law are concerned about IRS ruling #200227003's potential impact on their initiatives. Many are concerned that this ruling could require volunteer firefighters and volunteer emergency medical responders to include these abatements as federally taxable income and could impose substantial paperwork and fiscal requirements (such as FICA payments) on the participating local governments. In short, this confusing ruling undermines the intention of providing incentives to recruit and retain enough volunteer firefighters and emergency medical responders to keep our communities safe and puts an enormous economic and burden on localities. In fact, some towns have been forced to repeal their programs altogether because it was simply impossible to reconcile the program within existing federal tax law.

You personally have called for more Americans to volunteer their time in service to their neighbors and the country, and in today's fast paced economy where men and women must work longer hours or multiple jobs just to break even, time to volunteer is becoming a thing of the past. These types of creative incentives help encourage new volunteers to strengthen the ranks of the men and women who already safeguard our community, and provide important retention

incentives. If our cities and towns are willing to forgo their local tax revenues in order to ensure they have enough volunteer firefighters and emergency medical responders to protect their communities, then Washington DC and the IRS should not be allowed to instead claim the money for themselves.

Again, we would urge you to order an administrative stay of IRS ruling #200227003 regarding tax abatement programs, and would look forward to working with you to enact the legislation we are proposing that would clarify the exemption of property tax abatements and other benefits provided to volunteer firefighters and emergency medical responders from income and wage withholdings. Thank you in advance for your attention to this matter.

Sincerely,

S/ CHRISTOPHER J. DODD
United States Senator

S/ JOSEPH I. LIEBERMAN
United States Senator

S/ NANCY JOHNSON
Member of Congress

S/ CHRISTOPHER SHAYS
Member of Congress

S/ ROSA DELAURO
Member of Congress

S/ JOHN LARSON
Member of Congress

S/ ROB SIMMONS
Member of Congress

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