

January 27, 2025

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 431 (Draheim)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
General Fund	(\$13,400)	(\$13,300)	(\$13,200)	(\$13,000)

Effective beginning with tax year 2025.

EXPLANATION OF THE BILL

The bill would create an income tax subtraction for volunteer rescue workers. The subtraction is equal to \$10,000, or \$20,000 if filing a married joint return and both spouses are volunteer rescue workers. Firefighters, ambulance service personnel, emergency medical responders (EMRs), and search and rescue members qualify, if they have performed at least 40 hours of qualified rescue work during the year and the work is done voluntarily, part-time, or paid-on-call.

REVENUE ANALYSIS DETAIL

- About 17,300 Minnesotans are volunteer or paid-on-call firefighters, according to the National Fire Department Registry. Based on an inquiry to the U.S. Fire Administration in 2023, the number of firefighters is increased by 9% to account for unreported fire stations in the registry. The number of volunteer firefighters is declining by 1.06% a year, according to data from the National Fire Protection Association.
- About 2,500 Minnesotans are volunteer ambulance service personnel, based on Cooper Sams service credit recipient data from the Minnesota Emergency Medical Services Regulatory Board (EMS RB). This group has a -0.66% average growth rate based on the same data.
- About 400 Minnesotans are volunteer EMRs, based on a Minnesota EMS RB analysis of the emergency medical service workforce. This group is assumed to follow the same -0.66% growth rate as the ambulance service personnel.
- Based on a non-profit data source, about 50 Minnesotans are volunteers of a search and rescue team. This group is assumed to have no growth rate.
- A marginal tax rate of 6.2% is assumed among eligible taxpayers.
- Tax year impacts are allocated to the following fiscal year.

Number of Taxpayers: An estimated 21,700 taxpayers would have an average reduction in tax of \$620 in tax year 2025.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>