



Volunteer Responder Incentive Protection Act (H.R. 1550)

- **Request: Co-sponsor VRIPA**
- **What does VRIPA do?**

The Volunteer Responder Incentive Protection Act (VRIPA) exempts nominal incentives that volunteer firefighters and EMS personnel receive as a reward for their service from being subject to federal income tax and reporting. Specifically, the bill would exempt property tax benefits and/or up to \$600 per year of other benefit types from federal taxation.

- **Why do communities provide recruitment and retention incentives?**

A volunteer firefighter in the United States donates services worth, on average, approximately \$18,000 per year to the department that he or she belongs to. Without those donated services many communities would be unable to provide emergency services protection at all while others would be forced to raise taxes to pay salaries and benefits for full- or part-time staff.

Unfortunately, emergency services agencies are finding it increasingly difficult to recruit and retain the next generation of volunteers. As jobs leave small towns and young people move to cities and suburbs in search of work, there are fewer people available to volunteer as emergency responders. Additionally, as training requirements and call volumes continue to rise, the time commitment necessary to serve as a volunteer emergency responder has ballooned.

In order to bolster recruitment and retention many fire and EMS agencies now provide benefits, including non-monetary gifts, reductions in property taxes or other fees, per-call payments, stipends and/or retirement benefits. Volunteer benefits are typically small but demonstrate community support.

- **Why should minor volunteer benefits be exempted from taxation as income?**

The IRS has determined that volunteers who receive benefits should be treated as employees of the departments that they serve for tax purposes. This has created a significant amount of confusion for volunteer fire departments, which do not view themselves as employers or their volunteers as employees. Uneven enforcement and poor communication from the IRS to volunteer fire departments has exacerbated the situation. Volunteer fire departments throughout the country have been audited and even fined thousands of dollars for failure to report or improper reporting of benefit amounts, sometimes as small as a few hundred dollars per year per volunteer.

Concerns over becoming the target of an IRS investigation only add to the significant burden that having to process tax paperwork and withholding for dozens of volunteer emergency responders imposes on small communities that may not employ anyone or have administrative staff. Passing VRIPA would allow agencies to provide minor benefits without having to worry about being audited by the IRS. It would also enhance the incentive value of volunteer benefits by allowing individuals to keep the entire amount.

H.R. 1550 was introduced on March 15, 2017 by Representatives Dave Reichert (R-WA) and John Larson (D-CT).