



SB 728: Local firefighting deserves a comprehensive examination

Senate Veterans, Emergency Management, Federal and World Affairs | 1/26/2023 | Bennett Minton

Chair Manning, members of the committee:

My name is Bennett Minton, on behalf of Tax Fairness Oregon, a network of volunteers who advocate for a rational and equitable tax code. TFO's members have a range of experiences with the tax code over decades as professionals and volunteers. I spent my career in D.C. as a tax policy analyst and lobbyist, and this is my fifth session in Salem, observing legislators trying to address complex challenges through the tax code. The two venues are similar: Policy makers pass bills and issue press releases, and then are dismayed at their constituents' growing cynicism because their solutions failed.

Unfortunately, we think SB 728 would follow that pattern. It is argued that a \$1,000 nonrefundable tax credit would attract volunteer firefighters. We've seen no evidence. Let's face it: Most of us notice tax credits only at tax time. Firefighter expenses aren't incurred only in April.

Representative Cate lays out the problem, as she did last year when we heard the bill in the House Revenue Committee. If she's right, and her case is substantial, we need real solutions. Not Band-Aids.

How do we pay for fire services? Fire districts are funded by local taxes and voter-approved levies. If communities can't attract and retain volunteers and money is the solution, they should use local sources. I pay \$183 for fire protection in my property tax bill. If it isn't enough, I expect local leaders to ask me for more. I'll pay it, because the alternative is pound foolish.

If the state is to assume responsibility for local firefighting—and that is your prerogative—then the legislature should examine its challenges comprehensively, because it's unfair for me to pay for services in Multnomah County and then elsewhere because another county's residents choose not to. If it is to be added to demands on the state, then legislators from both parties must face reality: We have an antiquated tax system, in which property taxes are frozen in the amber of the 1990s and we lack a sales tax (which could support local services in those tourist areas Representative Cate noted). Local tax sources are isolated from state sources, and vice versa.

Greater coordination of tax systems would require bipartisan cooperation—because it would involve "tax increases," even if the revenue raised came to the same sum. We may need a funding regime that recognizes that the threat of wildfires is not a local problem.

If compensating firefighters is to be a state responsibility, then you should add it to the budget, through Ways and Means. Pay out a little or a lot to fire districts, depending on what is required.

We read the bills and follow the money

From the testimony of other witness today, firefighting doesn't sound like a volunteer job. It is an essential governmental service.

Of course, the legislature in its wisdom may insist that compensated volunteers are still volunteers. But we caution you: If firefighting is a calling for volunteers, what makes it special? Many social services rely on volunteers who also feel called. Who's next to get a tax credit?

If you embrace this bill, we suggest amendments.

First, start with a pilot grant, through Ways and Means, so the results can be evaluated. It could be implemented through the [state fire marshal](#), which two years ago was charged with dispensing grants to fight wildfires. The fire marshal, at the legislature's direction, could pick some small number of districts, perhaps set in legislation, to receive grants, based on a transparent application and selection process.

The cost of the tax credit in the bill could be nearly \$9 million per year, according to LRO's [Staff Measure Summary](#) produced for the bill Representative Cate introduced in 2022. The cost of a pilot grant would be a tiny fraction of that, other factors equal. The qualification for payments/reimbursements to volunteer firefighters could be based on the those in subsections 2 (2-3). In two years, the legislature could review: Did state funding increase the firefighter rolls?

Second, if the bill were to remain a tax credit, it should be refundable, so that taxpayers whose liability is less than the amount of the credit can receive it in whole. As either a tax credit or a grant, eligibility for the firefighter should have an income cap, so that wealthy volunteers don't get a payment that has no effect on their willingness to serve.

Third, the figure \$1,000 is arbitrary—is it appropriate? Should it vary by county income levels? (Washington is very different from Josephine.) Should the income cap be set at the county's average household income, some fraction of it, some multiple of it? Just to throw a dart at the board, we suggest 125% of county average wage. If the committee reformulated the initiative as a pilot grant, or if it remained a tax credit as in the bill, then the rulemaking would likely stipulate evidence or certification of the firefighter's income eligibility.

Fourth, at least one of the qualifications for the credit is vague. Section 2 (3)(c) requires participation in a "community engagement event," a term not defined. Define it—or delete it. Would that be a meeting called by the district fire chief to educate the public about wildfire preparedness? We are not experts.

TFO is a group of analysts. We advocate a rational tax code that funds the government and that may be used as a tool to encourage behaviors when it is the most effective means. In this case, we don't believe a tax credit is an effective tool.