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**Volunteer Firefighter & EMS Incentives:
Key Federal Provisions**

The Division of Local Government Services (Division) is aware of several local units, primarily fire districts, that pay incentives to volunteer firefighters for purposes of maintaining and increasing volunteer rosters.

This Notice updates municipalities and fire districts on current [Internal Revenue Service \(IRS\) guidance](#) and Federal Fair Labor Standards Act (FLSA) guidance pertaining to incentives paid to volunteer firefighters, along with first aid, ambulance, and rescue squad volunteers (“EMS”), other than the Length of Service Awards Program (LOSAP). Nominal stipends funded through the federal Staffing for Adequate Fire and Emergency Response (SAFER) program’s volunteer firefighter recruitment and retention (R&R) grant is also discussed.

Federal Income Tax Implications; 2025 Fire District Budgets

Generally, federal income tax laws apply to firefighters and EMS, including volunteer firefighters and EMS, in the same manner as for other types of workers. Whether or not the firefighter or EMS is a volunteer, if the work the volunteer does is subject to the will and control of the entity paying the compensation, under the common-law rules, the volunteer is considered an employee for federal tax purposes. Thus, all amounts that volunteer firefighters and EMS receive as compensation may be subject to Federal income tax unless a statutory or regulatory exclusion applies to a particular benefit the volunteer receives.

The Volunteer Responder Incentive Protection Act (VRIPA), enacted in 2020, amended [26 U.S.C. §139B](#) to exclude from federal income tax any payment, whether reimbursement or otherwise, up to \$50 for each month a volunteer firefighter or EMS performs those services with a maximum of \$600 annually. If a volunteer receives more than the maximum amount allowed, the excess is taxable. For example, if a volunteer provides services for 12 months during the taxable year and receives \$700 in payments for those services, the maximum amount of the exclusion would be \$600 and the remaining \$100 would be subject to federal income tax. See [INFO 2021-0010](#).

Municipalities and fire districts that pay incentives to volunteer firefighters and EMS must perform their due diligence and are advised to consult appropriate professionals concerning whether those incentives are subject to federal income tax. Please review the IRS's [Issues for Firefighters](#) webpage, Section 5 of [IRS Publication 15](#) (pp. 17-21), and [IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits](#) for further information on this topic.

Any volunteer incentives subject to federal income tax must be budgeted under "Salary and Wages" with an accompanying "Fringe Benefit" for tax withholding, rather than as an operating cost under "Other Expenses".

For the 2025 fire district budget cycle, districts will be required to report to the Division what volunteer firefighter or EMS incentive(s) other than LOSAP the district is providing, if any, and whether those incentives are subject to federal income tax.

Fair Labor Standards Act (FLSA)

The United States Department of Labor's [Wage and Hour Division](#) has previously issued opinion letters on the factors determining whether the labor standards of the FLSA would apply to volunteer firefighters or EMS. The FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in federal, state, and local governments.

For purposes of the FLSA, an individual is classified as a volunteer if they:

- Perform hours of service for a public agency for civic, charitable, or humanitarian reasons, without promise, expectation, or receipt of compensation for services rendered. Although a volunteer cannot receive compensation, a volunteer can be paid expenses, reasonable benefits or a nominal fee to perform such services;
- Offer services freely and without pressure or coercion, direct or implied, from an employer; and
- Is not otherwise employed by the same public agency to perform the same type of services as those for which the individual proposes to volunteer.

Determining whether a specific amount of expenses, benefits, or fees prevents an individual from qualifying as a volunteer under the FLSA requires an examination of "the total amount of payments made . . . in the context of the economic realities of the particular situation." 29 C.F.R. § 553.106(f).

Opinion letter [FLSA2006-28](#) delves much further into how the FLSA applies to volunteer firefighters, including the appropriate criteria for what constitutes a "nominal fee." [FLSA2008-15](#) examines the circumstances under which compensation paid to volunteers may trigger FLSA applicability. See also [FLSA2018-16](#) (volunteer fire company contracting for paid EMTs) and [FLSA2018-24](#) (whether FLSA partial overtime exemption applies).

Municipalities and fire districts that pay, or are considering paying, incentives to volunteer firefighters or EMS should consult their attorney or labor counsel to determine whether the

incentive(s) would allow a volunteer to become protected under the FLSA. Please note that incentives that may fall under the threshold for triggering FLSA protections may be subject to federal income tax.

SAFER Volunteer Recruitment & Retention (R&R) Grants

The SAFER program administered by the Federal Emergency Management Agency (FEMA) offers grants for promoting recruitment and retention of volunteer firefighters involved in the operations of firefighting and emergency response. Among the eligible uses of R&R grants are nominal stipends that must be governed by formally adopted policies and procedures. SAFER-funded volunteer stipends may only be provided for operational (firefighting) activities, including duty shifts, operational training, and responding to incidents. Municipalities and fire districts should review SAFER program guidelines and their FEMA award package before applying SAFER grant funds to a volunteer firefighter incentive or modifying an incentive currently funded by a SAFER grant. Notices of Funding Opportunity, Details Information, and an FAQ document are available on the [SAFER Documents webpage](#). Please note that incentives permitted under a SAFER R&R grant may be subject to federal income tax.

Approved: Jacquelyn A. Suárez, Commissioner & Director

Document	Internet Address
26 U.S.C. §139B	https://www.govinfo.gov/content/pkg/USCODE-2022-title26/html/USCODE-2022-title26-subtitleA-chap1-subchapB-partIII-sec139B.htm
IRS Information Letter INFO 2021-0010	https://www.irs.gov/pub/irs-wd/21-0010.pdf
IRS Issues for Firefighters	https://www.irs.gov/government-entities/federal-state-local-governments/issues-for-firefighters
IRS Publication 15	https://www.irs.gov/pub/irs-pdf/p15.pdf
IRS Publication 15-B	https://www.irs.gov/pub/irs-pdf/p15b.pdf
Opinion FLSA2006-28	https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/2006_08_07_28_FLSA.pdf
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Opinion FLSA2018-16	https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/2018_01_05_16_FLSA.pdf
Opinion FLSA2018-24	https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/2018_11_08_24_FLSA.pdf
SAFER Grant Documents	https://www.fema.gov/grants/preparedness/firefighters/safer/documents