



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Fiscal Note

Short Title: Mike Clampitt 1st Responder Tax Fairness Act.
Bill Number: House Bill 1019 (First Edition)
Sponsor(s): Rep. Pyrtle, Rep. Miller, Rep. Setzer, and Rep. B. Jones

SUMMARY TABLE

	FISCAL IMPACT OF H.B. 1019, V.1 (\$ in millions)														
	FY 2026-27		FY 2027-28		FY 2028-29		FY 2029-30		FY 2030-31						
State Impact															
Highway Trust Fund Revenue	(1.6)	to	(4.4)	(1.7)	to	(4.7)	(1.8)	to	(5.0)	(1.9)	to	(5.3)	(2.1)	to	(5.6)
Less Expenditures	-	to	-	-	to	-	-	to	-	-	to	-	-	to	-
Highway Trust Fund Impact	(1.6)	to	(4.4)	(1.7)	to	(4.7)	(1.8)	to	(5.0)	(1.9)	to	(5.3)	(2.1)	to	(5.6)
NET STATE IMPACT	(1.6)	to	(4.4)	(1.7)	to	(4.7)	(1.8)	to	(5.0)	(1.9)	to	(5.3)	(2.1)	to	(5.6)

FISCAL IMPACT SUMMARY

The Mike Clampitt 1st Responder Tax Fairness Act is estimated to reduce Highway Trust Fund revenue by between \$1.6 and \$4.4 million each year beginning in FY 2026-27 because it expands a current Highway Use Tax exemption for vehicles purchased by nonprofit volunteer fire departments or volunteer rescue squads.

FISCAL ANALYSIS

Current State law allows volunteer fire departments or volunteer rescue squads an exemption from paying the 3% Highway Use Tax¹, provided certain criteria about the department or squad are met, and only for purchases of certain vehicles and apparatuses.

The bill would remove the requirements that currently limit the exemption to only certain types of vehicles or apparatuses and remove the restriction of the exemption only being available to departments or squads with two or fewer full-time employees. Table 1 summarizes the current requirements for such departments or squads to receive the exemption, and how the bill would change those requirements.

¹ The Highway Use Tax is assessed upon the transfer of a vehicle title.

Table 1: Comparison of Current and Proposed Requirements for Highway Use Tax Exemption for Volunteer Fire and Rescue Squads

Criteria Group	Criteria Under	
	Current Law	HB 1019
Characteristics of the Volunteer Fire Department or Volunteer Rescue Squad	<ul style="list-style-type: none"> • Cannot employ more than two full-time employees, • Is a nonprofit organization, and • Cannot be a unit of local government. 	<ul style="list-style-type: none"> • Is a nonprofit organization, and • Cannot be a unit of local government.
Vehicle purchased by said department or squad	<p>Exemption only available for the following purchases:</p> <ul style="list-style-type: none"> • A fire truck, a pump truck, a tanker truck, or a ladder truck used to suppress fire, • A four-wheel drive vehicle intended to be mounted with a water tank and hose and used for forest fire fighting, or • An emergency services vehicle. 	<ul style="list-style-type: none"> • All vehicles and apparatuses are exempt.

Thus, the bill would expand both the types of vehicles eligible for the tax exemption and the number of departments that could purchase vehicles and not pay the Highway Use Tax. Annual data on the number and cost of vehicles and apparatuses purchased by volunteer fire departments or rescue squads is not systematically collected.

However, FRD obtained the following data to approximate a fiscal estimate:

- A static (one point in time) directory of all fire departments and rescue squads, by county, across the state, from the Office of State Fire Marshall (OSFM).
- An inventory, including among others the type and age, of vehicles and apparatuses owned currently by the various departments/squads across the state from the OSFM, and
- The current purchase prices of such vehicles and apparatuses from various retailers.

FRD used the following approach to arrive at its estimate:

- First, FRD limited its universe of currently-owned vehicle/apparatus inventory to only those owned by volunteer fire departments and volunteer rescue squads by performing a series of filters and keyword searches (e.g., “volunteer”) in the names of the departments or squads. This resulted in FRD identifying about 700 volunteer departments and/or squads across the state.
- FRD then obtained an estimated average purchase price for each type of vehicle or apparatus (e.g., fire engine, service truck, rescue squad, etc.) in the inventory from suppliers of related new and used equipment, and then multiplied this by the 3% tax that would be collected per item if the current statutory requirements were not met.
- Next, FRD multiplied each item’s tax due by the respective number of items currently in the inventory of volunteer departments and squads, which provided a total figure of the tax due to replace the entire inventory of such items for which FRD could find reliable data. To arrive at an annual figure of tax revenues from these items, FRD assumed such equipment would be replaced every 15 years, based on the average age of equipment exceeding 20 years and OSFM staff providing the typical replacement schedule for such equipment. The annual estimated Highway Use Tax revenue loss is estimated to be about \$4.4 million across all volunteer departments without regard to department/squad staff size.
- FRD then attempted to isolate the impact to only those departments with more than two full time staff that do not currently qualify for the exemption, which is assumed to be 35%

given information also provided by the OSFM. Applying this percentage to the above estimate of \$4.4 million reduces the estimated fiscal impact to around \$1.6 million each year. Future years' estimates are based on anticipated growth in the prices of fire and rescue apparatuses.

Therefore, FRD estimates the bill would reduce Highway Trust Fund revenues between \$1.6 million and \$4.4 million beginning in FY 2026-27, but this estimate is limited by a number of factors, including but not limited to: the lack of data available on the types of vehicles and apparatus that the bill would exempt from tax and the volume and corresponding values of such equipment purchases made each year.

For reference, the March 2026 Transportation Consensus Revenue Forecast projects total Highway Trust Fund revenues at \$2.5 billion for FY 2026-27, and those revenues are generally used for transportation infrastructure. The bill is not expected to have a local fiscal impact since the bill retains the requirement that only nonprofit and non-local government volunteer departments and squads are eligible for the exemption.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NC Office of State Fire Marshall. NC Department of Revenue. One or more retailer(s) of firefighting and rescue squad vehicles and apparatuses. Mordor Intelligence Report. Moody's Analytics. Consensus Revenue Forecast. Nonprofit Metrics LLC.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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