

Fiscal Services Division Legislative Services Agency Fiscal Note

HF 2073 - Firefighter Tax Credit (LSB 5583 YH)
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Fiscal Note Version — New

Description

House File 2073 creates a tax credit for qualified volunteer firefighters and emergency medical service personnel. In each case, the person must be certified as a first responder. The credit is \$50 for tax year 2004 and increases in steps to \$250 in 2008. The credit is not refundable and cannot be carried forward. The credit is prorated for partial year qualifiers. If the person qualifies as both a firefighter and an emergency medical service provider, only one credit is allowed.

Assumptions

1. There are currently 11,400 individuals certified as firefighter and/or emergency medical service provider first responders in Iowa.
2. The net growth in both categories will be 500 per year for the next five years.
3. On average, persons earning the tax credit will be able to utilize 90.0% of the tax credits earned.
4. Tax credits earned in the first half of calendar year 2004 will not impact FY 2004 and will therefore contribute to the revenue reduction in FY 2005.
5. Revenue generated by local option school income taxes equals 2.5% of the amount generated by the State income tax.

Fiscal Impact

The following table provides the General Fund revenue reduction associated with an income tax credit for persons certified as firefighter or emergency medical service provider first responders.

Firefighter/EMS Tax Credit			
Fiscal Year	Number of Persons Qualified for Credit	Reduction in State Income Taxes	Reduction in Local Option Income Taxes
FY 2005	11,400	\$ 1,000,000	\$ 25,000
FY 2006	11,900	1,320,000	33,000
FY 2007	12,400	1,920,000	48,000
FY 2008	12,900	2,570,000	64,250
FY 2009	13,400	2,960,000	74,000
FY 2010	13,400	3,020,000	75,500

Sources

Department of Public Health
Fire Service Training Bureau

Dennis C Prouty

February 26, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
