



HF 2459 – Emergency Medical Services and Firefighter Tax Credit (LSB 5552HV.1)
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Fiscal Note Version – As amended by S-5172

Description

House File 2459, as amended by **S-5172**, increases the Firefighter and Emergency Medical Services (EMS) Tax Credit from the existing maximum of \$50 to \$100. Full-time fire fighters and EMS personnel that also serve elsewhere as volunteer fire fighters or EMS, are made eligible for the credit. The changes are retroactive to tax year 2014.

This Bill also creates a tax credit for reserve police officers. The new credit is equal to \$100 and is first available for tax year 2014.

Background

The existing EMS and Firefighter Tax Credit was created in SF 2322 (Volunteer Firefighter and EMS Tax Credit Act of 2012). The credit was first available for tax year 2013.

Assumptions

- Since the tax credit was not available until tax year 2013, actual taxpayer usage numbers are not yet available. However, preliminary estimates based on electronically filed tax year 2013 returns indicate that no more than 15,000 credit claims will be received for the first tax year. For this fiscal note, fire fighter and EMS claims for tax year 2014 and after are assumed to equal 15,000, including the eligibility expansions provided in this Bill.
- According to the Iowa Law Enforcement Academy, there are currently 646 active State-certified reserve peace officers in the State. This group is assumed to have met the minimum training standards and will be eligible for the tax credit.
- Nonrefundable income tax credits impact the calculation of the local option income surtax for schools. Statewide, that surtax equals 3.5% of the revenue amount raised by the State individual income tax.

Fiscal Impact

The new reserve peace officer tax credit, along with the increased Firefighter and EMS Tax Credit, is estimated to reduce net General Fund revenue by \$785,000 per year, beginning in FY 2015.

As a nonrefundable tax credit, the credit will also have an impact on the revenue generated by the local option income surtax for schools. The tax credit increase is estimated to decrease the annual statewide surtax yield by \$27,500, beginning with FY 2015.

Source

Department of Revenue

/s/ Holly M. Lyons

April 24, 2014