



[SF 555](#) – Volunteer First Responder, Property Tax Reduction (LSB1551SV)
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Fiscal Note Version – New

Description

[Senate File 555](#) creates a property tax abatement for owners of homesteads who meet minimum requirements as volunteer emergency services providers. The annual abatement is limited to the lesser of 10.0% of the property taxes due or \$500. Property taxes levied by a local school or community college are excluded from the abatement, as well as any property taxes levied by a taxing authority that does not approve the abatement application for its portion of the consolidated property tax bill.

To receive the abatement, an emergency service provider must meet all the following criteria:

- Owns a homestead within the local service area of the provider's emergency services entity.
- Earns less than \$5,000 per year as a volunteer for the applicable emergency services entity.
- Has volunteered for five or more years with the emergency services entity.
- Is in good standing with the emergency services entity.
- Files a petition with the County Board of Supervisors requesting the abatement.

If a homestead owner has been a qualified volunteer for 10 or more years, the property tax abatement is allowed for the remainder of the volunteer's life.

The abatement also applies to special assessments owed on the property. The abatement is first available for property taxes due during FY 2025.

Assumptions

The following assumptions were used in the development of the fiscal impact projection:

- The average assessed residential property value for assessment year (AY) 2021 was \$168,368. That amount is assumed to increase each year by the average annual Iowa residential revaluation percentage from AY 2016 through AY 2022 (3.7%).
- The AY 2022 residential rollback is 54.6501%. This rollback is assumed for all years.
- The FY 2023 statewide average property tax rate, excluding school and community college levies, for residential property is \$18.24. This rate is assumed for all years.
- Based on the previous assumptions, a 10.0% abatement will reduce a qualified volunteer homestead owner's FY 2025 property taxes by \$180.
- Based on the number of claimants for the [Volunteer Fire Fighter and Emergency Medical Service Personnel Tax Credit](#), the Department of Revenue estimates that there are 12,305 qualified volunteer emergency service providers currently operating in Iowa who could qualify for this abatement if they own a homestead. Based on U.S. Census Bureau statistics on Iowa home ownership, the Department estimates that 71.6% of the 12,305 own homes.
- The impact of the lifetime abatement provision is not known. For this estimate, the number of volunteer emergency service providers who qualify for the abatement is increased 2.5% each year to adjust for retirements of personnel who have 10 or more years of qualified volunteer service.

- Not all who qualify will apply for the abatement, and not all local government entities will approve abatements. This estimate is reduced by 15.0% to account for these situations.
- The Bill creates a property tax abatement, not a credit or exemption, so Iowa Code section [25B.7](#) (State funding of property tax credits and exemptions) does not apply.

Fiscal Impact

The property tax abatement created in the Bill to benefit qualified volunteer emergency service providers is projected to reduce property taxes owed by taxpayers and property taxes collected by local governments by \$1.4 million in FY 2025. Due to retirements and annual property value increases, the projected reductions are expected to increase by approximately \$0.1 million per year.

Sources

Department of Revenue
U.S. Census Bureau
Legislative Services Agency

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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