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**HF 2076** – Emergency Medical Services and Firefighter Tax Credit (LSB 5552YH)  
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Fiscal Note Version – New

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**Description**

**House File 2076** increases the Firefighter and Emergency Medical Services (EMS) Tax Credit from the existing maximum of \$50 to \$500. The change is retroactive to 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, taxpayer usage numbers are not yet available. Therefore, usage and tax credit redemption numbers from the originating 2012 legislation are used. That estimate assumed 21,000 volunteer firefighter and EMS personnel would qualify for the credit.
- To estimate the projected impact of a nonrefundable \$500 tax credit, the Department of Revenue utilized their individual income tax micro-simulation model. The credit was randomly assigned to 21,000 tax returns, so the results could be adjusted for tax returns that do not have the full \$500 in income tax liability.
- 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 increased Firefighter and EMS Tax Credit proposed in **HF 2076** is estimated to reduce net General Fund revenue by \$8.0 million 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 \$280,000, beginning in FY 2015.

**Source**

Department of Revenue

/s/ Holly M. Lyons

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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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