



HF 2260 – Firefighter & EMS Tax Credit, EMS Medicaid (LSB 6070YH)
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Fiscal Note Version – New

Description

House File 2260 increases the Firefighter and Emergency Medical Services (EMS) Tax Credit from the existing maximum of \$50 to \$100. This Bill also increases the EMS provider Medicaid reimbursement rate by 10.0%. The tax credit change is retroactive to tax year 2014. The Medicaid reimbursement rate change is effective July 1, 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.

The EMS Medicaid reimbursement is based on a number of factors including basic or advanced life support; ground transportation, air transportation, or a neonatal base rate; mileage; and other factors such as supplies, additional attendants, or waiting time.

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 \$100 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 \$100 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.
- Medicaid is anticipated to spend approximately \$5.4 million on ambulance services in FY 2015 and FY 2016.
- The Federal Medical Assistance Percentage (FMAP) is 56.14% in FY 2015 and 55.14% in FY 2016.

Fiscal Impact

The increased Firefighter and EMS Tax Credit proposed in this Bill is estimated to reduce net General Fund revenue by \$975,000 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 \$35,000, beginning in FY 2015.

The EMS Medicaid reimbursement increase is projected to cost the General Fund \$238,000 in FY 2015 and \$242,000 in FY 2016.

Sources

Department of Revenue
Department of Human Services

/s/ Holly M. Lyons

March 3, 2014

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.
