

Sexton, Rittmer, Fink

SSB 3131

Succeeded By  
SF HF 2298

State Government

SENATE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON STATE  
GOVERNMENT BILL BY  
CHAIRPERSON KING)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to fire fighter preparedness by creating a fire  
2 fighter preparedness fund, by creating an income tax checkoff  
3 for fire fighter preparedness, by removing the limitation on  
4 income tax checkoffs, and by allocating a certain portion of  
5 insurance premiums tax to the fire fighter preparedness fund,  
6 and making an appropriation and providing a retroactive  
7 applicability date.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 100B.12 FIRE FIGHTER  
2 PREPAREDNESS FUND.

3 1. A fire fighter preparedness fund is created as a  
4 separate and distinct fund in the state treasury under the  
5 control of the division of fire protection of the department  
6 of public safety.

7 2. Revenue for the fire fighter preparedness fund shall  
8 include, but is not limited to, the following:

9 a. Moneys credited to the fund pursuant to section  
10 422.12F.

11 b. Moneys credited to the fund pursuant to section 432.15.

12 c. Moneys in the form of a devise, gift, bequest,  
13 donation, or federal or other grant intended to be used for  
14 the purposes of the fund.

15 3. Moneys in the fire fighter preparedness fund are not  
16 subject to section 8.33. Notwithstanding section 12C.7,  
17 subsection 2, interest or earnings on moneys in the fund shall  
18 be credited to the fund.

19 4. Moneys in the fire fighter preparedness fund are  
20 appropriated to the division of fire protection of the  
21 department of public safety to be used annually as follows:

22 a. The first four hundred thousand dollars shall be  
23 allocated to the state fire service and emergency response  
24 council to assist in funding the programs and purposes, as  
25 specified in section 100B.6, of the fire service training  
26 bureau.

27 b. Any amount in excess of four hundred thousand dollars  
28 shall be allocated to the state fire service and emergency  
29 response council to pay the costs of providing fire fighter  
30 training around the state.

31 Sec. 2. Section 422.12A, subsection 5, Code Supplement  
32 2001, is amended by striking the subsection.

33 Sec. 3. NEW SECTION. 422.12F INCOME TAX CHECKOFF FOR  
34 FIRE FIGHTER PREPAREDNESS.

35 1. A person who files an individual or a joint income tax

1 return with the department of revenue and finance under  
 2 section 422.13 may designate one dollar or more to be paid to  
 3 the fire fighter preparedness fund as created in section  
 4 100B.12. If the refund due on the return or the payment  
 5 remitted with the return is insufficient to pay the additional  
 6 amount designated by the taxpayer to the fire fighter  
 7 preparedness fund, the amount designated shall be reduced to  
 8 the remaining amount of refund or the remaining amount  
 9 remitted with the return. The designation of a contribution  
 10 to the fire fighter preparedness fund under this section is  
 11 irrevocable.

12 2. The director of revenue and finance shall draft the  
 13 income tax form to allow the designation of contributions to  
 14 the fire fighter preparedness fund on the tax return. The  
 15 department of revenue and finance, on or before January 31,  
 16 shall certify the total amount designated on the tax return  
 17 forms due in the preceding calendar year and shall report the  
 18 amount to the treasurer of state. The treasurer of state  
 19 shall credit the amount to the fire fighter preparedness fund.  
 20 However, before a checkoff pursuant to this section shall be  
 21 permitted, all liabilities on the books of the department of  
 22 revenue and finance and accounts identified as owing under  
 23 section 421.17 and the political contribution allowed under  
 24 section 56.18 shall be satisfied.

25 3. The department of revenue and finance shall adopt rules  
 26 to administer this section.

27 Sec. 4. NEW SECTION. 432.15 INSURANCE TAXES FOR FIRE  
 28 FIGHTER PREPAREDNESS.

29 Of the amounts paid as taxes pursuant to section 432.1,  
 30 subsection 2, and section 432.2, from insurance on property,  
 31 one-eighth of one percent shall be deposited in the fire  
 32 fighter preparedness fund created in section 100B.12.

33 Sec. 5. Section 422.12E, Code Supplement 2001, is  
 34 repealed.

35 Sec. 6. RETROACTIVE APPLICABILITY. This Act applies

1 retroactively to January 1, 2002, for tax years beginning on  
2 or after that date.

3 EXPLANATION

4 This bill creates the fire fighter preparedness fund under  
5 the control of the division of fire protection of the  
6 department of public safety.

7 The bill provides that 1/8 of 1 percent of insurance  
8 premium taxes paid on insurance on property shall be credited  
9 to the fund. The bill also creates a fire fighter  
10 preparedness income tax checkoff. Moneys collected from the  
11 checkoff are to be credited to the fund.

12 Moneys in the fund are appropriated to the division of fire  
13 protection of the department of public safety. The first  
14 \$400,000 in the fund in any one year is to be used by the  
15 state fire and emergency response council to assist in paying  
16 for the programs and purposes of the fire service training  
17 bureau. Amounts in excess of \$400,000 are to be used by the  
18 state fire service and emergency response council to pay the  
19 costs of providing fire fighter training around the state.

20 The bill also repeals the section of the Code that limits  
21 to three the number of income tax checkoffs.

22 The bill applies retroactively to tax years beginning on or  
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2/28/02 referred to W.H.M.

FILED FEB 25 2002

SENATE FILE 2298  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 3131)

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Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
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ST 2298

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25 **SENATE FILE 2298**

26 **S-5090**

27 1 Amend Senate File 2298 as follows:

28 2 1. Page 1, by striking lines 23 through 26, and  
29 3 inserting the following: "allocated to the fire  
30 4 service training bureau to assist in funding the  
31 5 programs and purposes specified in section 100B.6."

32 6 2. Page 1, lines 28 and 29, by striking the words  
33 7 "state fire service and emergency response council"  
34 8 and inserting the following: "fire service training  
35 9 bureau".

By SHELDON RITTMER

**S-5090** FILED FEBRUARY 28, 2002



# Legislative Fiscal Bureau

## Fiscal Note

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SF 2298 - Firefighter Preparedness Fund (LSB 5907 SV)

Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)

Fiscal Note Version - New

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### **Description**

Senate File 2298 creates a Fire Fighter Preparedness Fund under the control of the Division of Fire Protection of the Department of Public Safety. The Bill provides that one-eighth of one percent of tax collected by the State from property tax insurance premiums shall be deposited in the new fund. The Bill also creates a Fire Fighter Preparedness Income Tax Check off and repeals the Code of Iowa limit on the number of income tax check offs on the tax form.

### **Assumptions**

1. The meaning of the term "insurance on property," as it relates to the revenue to be deposited to the new Fund, means fire insurance as well as insurance on homes, farms, automobiles, workers compensation, and other forms of property and casualty insurance as reported by the Division of Insurance in their annual report.
2. General Fund insurance premium tax receipt amounts are not available by insurance line (property, health, automobile, etc.).
3. Iowa Insurance premiums received for property insurance are approximately \$2.8 billion. Based on the State's 2.0% insurance premium tax, \$56.0 million would be generated each year by the tax.
4. However, across all lines of insurance, Iowa's insurance premium tax generates 75.0% of the premium-based amount. This is due mainly to tax credits and exclusions. Therefore, the annual projection for property insurance for FY 2003 is \$42.0 million. One-eighth of one percent of \$42.0 million is \$53,000.

### **Fiscal Impact**

The diversion of one-eighth of one percent of the premium tax on property insurance from the General Fund to a Fire Fighter Preparedness Fund would reduce General Fund revenues by \$53,000 per year. Persons donating to the Fire Fighter Preparedness Fund will contribute between \$50,000 and \$100,000 per year, bringing total projected revenue for the Fund to \$100,000 to \$150,000 per year. Under the provision of the Bill, the entire amount would be available for the State Fire Service and Emergency Response Council to be used to support the Fire Service Training Bureau.

Iowa currently has three income tax check off donation options on the State individual income tax form. Past history indicates the addition of a new check off may reduce the amount of money donated to the current check offs. If this is the case, the addition of a fourth check off may reduce the revenue received by the three current check offs (Non-Game Wildlife, State Fair, and Keep Iowa Beautiful).

### **Sources**

Division of Insurance  
Legislative Fiscal Bureau Analysis

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/s/ Dennis C Prouty

March 18, 2002