

JAN 23 2004  
WAYS AND MEANS

HOUSE FILE 2073  
BY LUKAN

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act providing an individual income tax credit for volunteer  
2 fire fighters and emergency medical services personnel and  
3 providing effective and retroactive applicability dates.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2073

1 Section 1. Section 422.12, Code 2003, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 2A. a. A volunteer fire fighter and  
4 volunteer emergency medical services personnel credit equal to  
5 the amount specified in paragraph "b" to compensate the  
6 taxpayer for the voluntary services.

7 b. The amount of the credit is equal to the following:

8 (1) For the tax year beginning in the 2004 calendar year,  
9 fifty dollars.

10 (2) For the tax year beginning in the 2005 calendar year,  
11 one hundred dollars.

12 (3) For the tax year beginning in the 2006 calendar year,  
13 one hundred fifty dollars.

14 (4) For the tax year beginning in the 2007 calendar year,  
15 two hundred dollars.

16 (5) For the tax years beginning in the 2008 and subsequent  
17 calendar years, two hundred fifty dollars.

18 However, if the taxpayer is not a volunteer fire fighter or  
19 volunteer emergency medical services personnel for the entire  
20 tax year, the amount of the dollar credit shall be prorated  
21 and the amount of credit shall equal the maximum amount of  
22 credit for the tax year, divided by twelve, multiplied by the  
23 number of months in the tax year the taxpayer was a volunteer.  
24 The credit shall be rounded to the nearest five dollars. If  
25 the taxpayer is a volunteer during any part of a month, the  
26 taxpayer shall be considered a volunteer for the entire month.  
27 If the taxpayer is a volunteer fire fighter and a volunteer  
28 emergency medical services personnel during the same month, a  
29 credit may be claimed for only one volunteer position for that  
30 month.

31 c. The taxpayer is required to have a written statement  
32 from the fire chief or other appropriate supervisor verifying  
33 that the taxpayer was a volunteer fire fighter or volunteer  
34 emergency medical services personnel for the months for which  
35 the credit under this subsection is claimed.

1 d. For purposes of this subsection:

2 (1) "Emergency medical services personnel" means an  
3 emergency medical care provider, as defined in section 147A.1,  
4 who is certified as a first responder pursuant to chapter  
5 147A.

6 (2) "Volunteer fire fighter" means a volunteer fire  
7 fighter as defined in section 85.61, who is certified as a  
8 first responder pursuant to chapter 147A.

9 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,  
10 being deemed of immediate importance, takes effect upon  
11 enactment and applies retroactively to January 1, 2004, for  
12 tax years beginning on or after that date.

13 EXPLANATION

14 This bill provides an individual income tax credit for an  
15 individual who was a volunteer fire fighter or volunteer  
16 emergency services personnel for the entire tax year. The  
17 credit is to compensate the individual for the volunteer  
18 services. The amount of the credit starts at \$50 for the 2004  
19 tax year and increases by \$50 a year until the credit reaches  
20 a maximum of \$250 for the 2008 and subsequent tax years. If  
21 the individual was not a volunteer for the entire tax year,  
22 the amount of credit is prorated based upon the months of  
23 volunteer service. A credit may be claimed for only one  
24 volunteer position per month.

25 The bill takes effect upon enactment and applies  
26 retroactively to January 1, 2004, for tax years beginning on  
27 or after that date.

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# Fiscal Services Division Legislative Services Agency Fiscal Note

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HF 2073 - Firefighter Tax Credit (LSB 5583 YH)  
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)  
Fiscal Note Version — New

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## Description

House File 2073 creates a tax credit for qualified volunteer firefighters and emergency medical service personnel. In each case, the person must be certified as a first responder. The credit is \$50 for tax year 2004 and increases in steps to \$250 in 2008. The credit is not refundable and cannot be carried forward. The credit is prorated for partial year qualifiers. If the person qualifies as both a firefighter and an emergency medical service provider, only one credit is allowed.

## Assumptions

1. There are currently 11,400 individuals certified as firefighter and/or emergency medical service provider first responders in Iowa.
2. The net growth in both categories will be 500 per year for the next five years.
3. On average, persons earning the tax credit will be able to utilize 90.0% of the tax credits earned.
4. Tax credits earned in the first half of calendar year 2004 will not impact FY 2004 and will therefore contribute to the revenue reduction in FY 2005.
5. Revenue generated by local option school income taxes equals 2.5% of the amount generated by the State income tax.

## Fiscal Impact

The following table provides the General Fund revenue reduction associated with an income tax credit for persons certified as firefighter or emergency medical service provider first responders.

<b>Firefighter/EMS Tax Credit</b>			
Fiscal Year	Number of Persons Qualified for Credit	Reduction in State Income Taxes	Reduction in Local Option Income Taxes
FY 2005	11,400	\$ 1,000,000	\$ 25,000
FY 2006	11,900	1,320,000	33,000
FY 2007	12,400	1,920,000	48,000
FY 2008	12,900	2,570,000	64,250
FY 2009	13,400	2,960,000	74,000
FY 2010	13,400	3,020,000	75,500

**Sources**

Department of Public Health  
Fire Service Training Bureau

Dennis C Prouty

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February 26, 2004

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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