

FEB 9 2005
WAYS AND MEANS

HOUSE FILE 231
BY MASCHER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to an individual income tax for emergency medical
2 care providers and volunteer fire fighters and including
3 effective and retroactive applicability date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 231

1 Section 1. Section 422.12, Code 2005, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 2A. a. A volunteer emergency medical
4 services personnel credit equal to five hundred dollars.
5 However, if the individual is not a volunteer emergency
6 medical services personnel for the entire tax year, the credit
7 shall be prorated and the amount of credit shall equal five
8 hundred dollars, divided by twelve, multiplied by the number
9 of months in the tax year the individual was a volunteer. The
10 credit shall be rounded to the nearest five dollars. If the
11 individual is a volunteer during any part of a month, the
12 individual shall be considered a volunteer for the entire
13 month.

14 b. A volunteer fire fighter credit equal to five hundred
15 dollars. However, if the individual is not a volunteer fire
16 fighter for the entire tax year, the credit shall be prorated
17 and the amount of credit shall equal five hundred dollars,
18 divided by twelve, multiplied by the number of months in the
19 tax year the individual was a volunteer. The credit shall be
20 rounded to the nearest five dollars. If the individual is a
21 volunteer during any part of a month, the individual shall be
22 considered a volunteer for the entire month.

23 c. If the individual is a volunteer fire fighter and a
24 volunteer emergency medical services personnel during the same
25 month, a credit may be claimed for only one volunteer position
26 for that month.

27 d. The individual is required to have a written statement
28 from the fire chief or other appropriate supervisor verifying
29 that the individual was a volunteer fire fighter who has met
30 the education requirements or was a volunteer emergency
31 medical services personnel for the months for which the credit
32 under paragraph "a" or "b" is claimed.

33 Sec. 2. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY.

34 This Act, being deemed of immediate importance, takes effect
35 upon enactment and applies retroactively to January 1, 2005,

1 for tax years beginning on or after that date.

2 EXPLANATION

3 This bill provides an individual income tax credit of \$500
4 for an individual who was a volunteer fire fighter or a
5 volunteer emergency medical services personnel for the entire
6 tax year. If the individual was not a volunteer for the
7 entire tax year, the amount of credit is prorated based upon
8 the months of volunteer service. Only one volunteer position
9 per month may be claimed.

10 The bill takes effect upon enactment and applies
11 retroactively to January 1, 2005, for tax years beginning on
12 or after that date.

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Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 231 - Volunteer Fire Fighter Tax Credit (LSB 2289 HH)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)
Fiscal Note Version - New
Requested by Representative Steven Lukan

Description

House File 231 creates a \$500 annual income tax credit for volunteer firefighters and emergency medical services personnel. The credit is not refundable, but is retroactive to January 1, 2005.

Assumptions

1. There are approximately 844 fire/EMS departments in Iowa.
2. The average number of firefighter/EMS personnel per department is 20.
3. Sixty-five percent of firefighter/EMS personnel are volunteers.
4. In a given year, 75.0% of volunteers would qualify for the full credit, and 25.0% would qualify for partial credit, averaging \$250.
5. Insufficient taxpayer liability will limit the impact to 90.0% of projected costs.
6. Due to the implementation date, there will be no FY 2005 impact.
7. The FY 2006 impact will include all calendar year 2005 credits and 25.0% of calendar year 2006 credits.

Fiscal Impact

The tax credit created in HF 231 will reduce net General Fund revenue by \$5.4 million in FY 2006 and \$4.3 million in FY 2007 and subsequent fiscal years.

Sources

Department of Revenue
Fire Service Training Bureau
Bureau of Emergency Medical Services

/s/ Holly M. Lyons

March 24, 2005

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.
