

MAR 30 2006  
WAYS & MEANS CALENDAR

HOUSE FILE 2783  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 236)

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

A BILL FOR

1 An Act providing volunteer fire fighters and emergency medical  
2 services personnel with an individual income tax credit 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 2783

1 Section 1. Section 422.12, Code 2005, 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 five hundred  
8 dollars.

9 However, if the taxpayer is not a volunteer fire fighter or  
10 volunteer emergency medical services personnel for the entire  
11 tax year, the amount of the dollar credit shall be prorated  
12 and the amount of credit shall equal the maximum amount of  
13 credit for the tax year, divided by twelve, multiplied by the  
14 number of months in the tax year the taxpayer was a volunteer.  
15 The credit shall be rounded to the nearest five dollars. If  
16 the taxpayer is a volunteer during any part of a month, the  
17 taxpayer shall be considered a volunteer for the entire month.  
18 If the taxpayer is a volunteer fire fighter and a volunteer  
19 emergency medical services personnel during the same month, a  
20 credit may be claimed for only one volunteer position for that  
21 month.

22 c. The taxpayer is required to have a written statement  
23 from the fire chief or other appropriate supervisor verifying  
24 that the taxpayer was a volunteer fire fighter or volunteer  
25 emergency medical services personnel for the months for which  
26 the credit under this subsection is claimed.

27 d. For purposes of this subsection:

28 (1) "Emergency medical services personnel" means an  
29 emergency medical care provider, as defined in section 147A.1,  
30 who is certified as a first responder pursuant to chapter 147A  
31 and who has served for at least one year.

32 (2) "Volunteer fire fighter" means a volunteer fire  
33 fighter as defined in section 85.61, who is certified as a  
34 first responder pursuant to chapter 147A and who has served  
35 for at least one year.

1     Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,  
2 being deemed of immediate importance, takes effect upon  
3 enactment and applies retroactively to January 1, 2006, for  
4 tax years beginning on or after that date.

5                                     EXPLANATION

6     This bill provides an individual income tax credit for an  
7 individual who was a volunteer fire fighter or volunteer  
8 emergency services personnel for the entire tax year. The  
9 credit is to compensate the individual for the volunteer  
10 services. The amount of the credit equals \$500. The  
11 individual must have served for at least one year. If the  
12 individual was not a volunteer for the entire tax year, the  
13 amount of credit is prorated based upon the months of  
14 volunteer service. A credit may be claimed for only one  
15 volunteer position per month.

16     The bill takes effect upon enactment and applies  
17 retroactively to January 1, 2006, for tax years beginning on  
18 or after that date.

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**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 2783 - Volunteer Fire Fighter Tax Credit (LSB 6659 HV)

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Fiscal Note Version – New

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**Description**

House File 2783 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, 2006.

**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 2006 impact.
7. The FY 2007 impact will include all calendar year 2006 credits and 25.0% of calendar year 2007 credits.

**Fiscal Impact**

The tax credit created in HF 2783 will reduce net General Fund revenue by approximately \$5.4 million in FY 2007 and \$4.3 million in FY 2008 and subsequent fiscal years.

**Sources**

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

/s/ Holly M. Lyons

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April 3, 2006

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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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