

FILED FEB 21 2005

SENATE FILE
BY HANCOCK

184

WAYS & MEANS

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

A BILL FOR

1 An Act providing emergency medical services providers and
2 volunteer fire fighters with income tax credits and including
3 effective and retroactive applicability date provisions.

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

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

SF 184
WAYS & MEANS

1 Section 1. NEW SECTION. 422.11K VOLUNTEER TAX CREDIT.

2 1. The taxes imposed under this division, less the credits
3 allowed in sections 422.12 and 422.12B, shall be reduced by a
4 volunteer tax credit as follows:

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

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

26 2. If the individual is a volunteer fire fighter and a
27 volunteer emergency medical services provider during the same
28 month, a credit may be claimed for only one volunteer position
29 for that month.

30 3. The individual is required to have a written statement
31 from the fire chief or other appropriate supervisor verifying
32 that the individual was a volunteer fire fighter who has met
33 the education requirements or was a volunteer emergency
34 medical services provider for the months for which the credit
35 under subsection 1, paragraph "a" or "b" is claimed.

1 4. Any credit in excess of the taxpayer's tax liability
2 shall be refunded. In lieu of claiming a refund, the taxpayer
3 may elect to have the overpayment shown on the taxpayer's
4 final, completed return credited to the tax liability for the
5 following tax year.

6 Sec. 2. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.
7 This Act, being deemed of immediate importance, takes effect
8 upon enactment and applies retroactively to January 1, 2005,
9 for tax years beginning on or after that date.

10 EXPLANATION

11 This bill provides an individual income tax credit of \$250
12 for an individual who was a volunteer fire fighter or a
13 volunteer emergency medical services provider for the entire
14 tax year. If the individual was not a volunteer for the
15 entire tax year, the amount of credit is prorated based upon
16 the months of volunteer service. Only one volunteer position
17 per month may be claimed. The tax credit is refundable.

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

21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 184 - Volunteer Fire Fighter Tax Credit (LSB 2461 SS)

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

Fiscal Note Version - New

Description

Senate File 184 creates a \$250 annual income tax credit for volunteer firefighters and emergency medical services personnel. The credit is refundable and 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. Due to the implementation date, there will be no FY 2005 impact.
6. 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 SF 184 will reduce net General Fund revenue by \$2.9 million in FY 2006 and \$2.3 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 22, 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.
