

MINNESOTA • REVENUE

INDIVIDUAL INCOME TAX Ambulance Personnel Service Awards

March 22, 2004

| | Yes | No |
|---|-----|----|
| Separate Official Fiscal Note Requested | | X |
| Fiscal Impact | | |
| DOR Administrative Costs/Savings | X | |

Department of Revenue
Analysis of H.F. 1689 (Powell) /S.F. 1747 (Kubly)

| | <u>Revenue Gain or (Loss)</u> | | | |
|--------------|-------------------------------|------------------|------------------|------------------|
| | <u>F.Y. 2004</u> | <u>F.Y. 2005</u> | <u>F.Y. 2006</u> | <u>F.Y. 2007</u> |
| | | (000's) | | |
| General Fund | \$0 | (\$9) | (\$9) | (\$10) |

Effective beginning with tax year 2004.

EXPLANATION OF THE BILL

Current Law: Ambulance personnel longevity service awards are available for volunteers who have accrued at least 5 years of service credits, are at least 50 years of age, and have resigned from the ambulance service. The awards are available for up to 400 persons per year. Awards are taxable income to the recipient.

Proposed Law: This bill would allow a subtraction from federal taxable income for the amount of an ambulance service personnel longevity award.

REVENUE ANALYSIS DETAIL

- According to the Emergency Medical Services Regulatory Board, there were about 59 volunteers who received longevity awards each year from FY 2000 through FY 2002.
- The average amount of the award was about \$2,343 per person over that time.
- Assuming a marginal tax rate of 6%, the average revenue loss per person would be about \$141.
- Growth of 5% is assumed.

Number of Taxpayers: About 60 taxpayers in 2004.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy