

Fiscal Estimate - 2007 Session

- Original Updated Corrected Supplemental

LRB Number 07-1603/1		Introduction Number AB-0107		
Description Creating a nonrefundable individual income tax credit for certain medical care insurance premiums				
Fiscal Effect				
State:				
<input type="checkbox"/> No State Fiscal Effect				
<input type="checkbox"/> Indeterminate				
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues		
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="checked" type="checkbox"/> Decrease Existing Revenues		
<input type="checkbox"/> Create New Appropriations				
<input checked="checked" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget				
<input checked="checked" type="checkbox"/> Yes <input type="checkbox"/> No				
<input type="checkbox"/> Decrease Costs				
Local:				
<input type="checkbox"/> No Local Government Costs				
<input type="checkbox"/> Indeterminate				
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
5. Types of Local Government Units Affected				
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities		
<input type="checkbox"/> Counties		<input type="checkbox"/> Others		
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts		
Fund Sources Affected		Affected Ch. 20 Appropriations		
<input checked="checked" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS				
Agency/Prepared By		Authorized Signature		Date
DOR/ Bradley Caruth (608) 261-8984		Rebecca Boldt (608) 266-6785		3/7/2007

Fiscal Estimate Narratives
DOR 3/7/2007

LRB Number 07-1603/1	Introduction Number AB-0107	Estimate Type Original
Description Creating a nonrefundable individual income tax credit for certain medical care insurance policy premiums		

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a non-refundable individual income tax credit equal to the amount paid by a claimant for medical care insurance premiums for a policy that covers the claimant, the claimant's spouse, and the claimant's dependents. To be eligible for the credit, the claimant must be the employee of another person and the claimant's employer must pay part, but not all, of the cost of the claimant's medical care insurance. Because the credit is nonrefundable, it may be claimed only up to the amount of the claimant's tax liability.

Based on a comprehensive medical care insurance premium deduction in Iowa, adjusted for population size, adjusted for inflation, and adjusted to represent employees whose employers pay part of the cost of the claimant's medical care insurance, it is estimated that the employee share of medical care insurance that will be claimed is \$1.82 billion in tax year 2007. The total claims are estimated to be made by approximately 480,000 filers. Since the credit is non-refundable the full amount of the credit will not be used by the claimants. Allocating the total amount among randomly assigned claimants using the 2005 Individual Income Tax Model, results in an annual revenue loss of \$1.3 billion.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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 Corrected
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Description Creating a nonrefundable individual income tax credit for certain medical care insurance policy premiums			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes	\$		\$-1,300,000,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-1,300,000,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE		\$-1,300,000,000	\$
Agency/Prepared By		Authorized Signature	Date
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