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## BUDGET UNIT BRIEF – FY 2025

Fiscal Services Division

July 1, 2024



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## Homestead Property Tax Credit

### Description

The Homestead Property Tax Credit was enacted in 1937 to provide property tax relief and to encourage home ownership. The current credit is equal to the actual levy on the first \$4,850 of actual value of each homestead, with a minimum annual tax credit of \$62.50. To be eligible for the yearly credit, the taxpayer must own and occupy the property as a homestead on July 1 of each year, declare residency in Iowa for income tax purposes, and occupy the property for at least six months of each calendar year. Persons in military service or residing in nursing homes who would otherwise qualify are also eligible for the credit. A claim for the Homestead Property Tax Credit must be filed by July 1 in the initial assessment year for which the credit is claimed. Once the claim is filed, and as long as the taxpayer remains eligible, the taxpayer will receive the credit in successive years without further filing.

### Funding

The Homestead Credit Fund is funded with a standing unlimited General Fund appropriation established in Iowa Code section [425.1](#). The annual appropriations for the property tax credit have ranged from \$93.0 million to \$145.0 million. In FY 2021, the Fund received an additional \$2.8 million appropriation from the Taxpayer Relief Fund.

### Related Statutes and Administrative Rules

Iowa Code chapter [425](#)

Iowa Administrative Code [701—80](#)

### Budget Unit Number

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### More Information

Property Tax Credits and Exemptions: [tax.iowa.gov/property-tax-credits-and-exemptions](http://tax.iowa.gov/property-tax-credits-and-exemptions)  
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