

CHAPTER 195

HOMESTEAD TAX EXEMPTION ACT

S. F. 184

AN ACT to encourage the acquiring and ownership of homesteads; to amend chapter 329-f1, code 1935, relating to taxation, income, and retail sales and the allocation and distribution of revenue therefrom to the Iowa emergency relief administration fund and to the old age pension fund; to amend section 6943-f63, code 1935, by repealing paragraph two (2) thereof and substituting a new paragraph, and by further amending said section by adding two (2) new paragraphs, all relating to the allocation of funds accruing under the provisions of said chapter 329-f1; to repeal section 6943-f64 and enact a substitute therefor, also relating to the allocation of funds accruing under the provisions of said chapter 329-f1; to create the homestead credit fund; to provide for the allocation of funds therein to apply as a credit on taxes on homesteads; prescribing the procedure whereby said funds are allocated by the state board of assessment and review to the county treasurers of the several counties; and providing a method of allotting tax credits on homesteads in special charter cities; prescribing the procedure for the making of such credit; to define homesteads and providing for the making of claims for credit as provided in this act; to establish and limit the assessed valuation of homesteads against which said credit shall apply to the first \$2,500.00; to provide for the disposition of the excess, if any, remitted to the county treasurers of the several counties and apportioned by them over and above the total tax levied on said \$2,500.00 of assessed valuation; to provide a method of appeal from action of the boards of supervisors of the several counties relating to said homestead tax credit; providing a penalty for the making of a false claim or affidavit under the provisions of this act for the purpose of securing, or obtaining for another, a tax credit; and amending section 6943-f39 by striking therefrom the date of the original termination of the sales tax; and providing for the taking effect of said act by and upon publication.

WHEREAS, in the past few years there has developed in the state of Iowa a decided change from owner occupied homes to tenancies; and

WHEREAS, such change is taking place at a rapid and alarming rate; and

WHEREAS, the farms especially, as a result of tenant occupancy, have in the past, and will continue in the future, to deteriorate in that sufficient fertilizers and the like have not been put back into the soil to properly preserve it and insure its productivity in the future; and

WHEREAS, this condition is alleviated when the owner occupies said property; and

WHEREAS, a healthier and more prosperous condition exists in the state when the owner occupies his own farm or dwelling, and it is for the best interests of the people as a whole when such a condition exists; and

WHEREAS, it is the intention of the legislature, and the purpose of this act to encourage and foster home ownership and occupancy; and

WHEREAS, this legislature feels that a proper method of encouraging home ownership and occupancy is by granting benefits to those within that class; and

WHEREAS, it is necessary to appropriate funds for the purpose of emergency relief within the state of Iowa and also for the purpose of old age pensions, both of which are for the general welfare of the people of the state of Iowa,

NOW THEREFORE, this Forty-seventh General Assembly of the state of Iowa does hereby declare that appropriating money for emergency relief and for old age pensions is the expenditure of public funds for a public purpose, therefore,

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Strike all of the paragraph after the number "2" at
 2 the beginning of the eighth line of section 6943-f63, code of 1935, and
 3 insert the following as paragraph 2 of said section following paragraph
 4 1 thereof:

5 "The board shall set aside and cause to be paid into the old age
 6 pension fund, from time to time as available, the next five million,
 7 five hundred thousand dollars (\$5,500,000.00) collected each year
 8 under the provisions of this chapter."

1 SEC. 2. Amend said section 6943-f63, code of 1935, by adding the
 2 following as paragraph 3:

3 "3. On July 1, 1937, and quarterly thereafter, up to and including
 4 April 1, 1939, the board shall, from the revenue collected under this
 5 chapter, set aside and cause to be paid into a fund to be known as the
 6 Iowa emergency relief administration fund, which fund is hereby
 7 created, the sum of five hundred thousand (\$500,000) dollars quarterly,
 8 which sums are hereby appropriated for direct relief and for work
 9 relief and for expenses incidental thereto, for the purpose of caring
 10 for unemployed and needy persons within this state. The funds hereby
 11 appropriated shall be administered through the Iowa emergency re-
 12 lief administration and shall be withdrawn only as needed from time
 13 to time, by requisition of the governor, and upon warrants drawn by
 14 the state comptroller payable to the Iowa emergency relief adminis-
 15 tration. With the exception of necessary administrative expenses,
 16 said fund shall be allocated by the Iowa emergency relief administra-
 17 tion throughout the various counties of the state in accordance with
 18 the need therefor."

1 SEC. 3. Amend said section 6943-f63, code of 1935, by adding the
 2 following as paragraph 4:

3 "4. The balance of said fund shall be held by the treasurer of state
 4 and shall be designated as the homestead credit fund and shall be dis-
 5 tributed by the treasurer of state on warrants drawn by the comptroller
 6 upon the direction of the board under the provisions of this act and
 7 made payable to the county treasurers of the several counties of the
 8 state."

1 SEC. 4. Section 6943-f64, code of 1935, is hereby repealed and the
 2 following is enacted in lieu thereof:

3 "1. The homestead credit fund shall be apportioned each year as
 4 hereinafter provided so as to give a credit against the tax on each
 5 eligible homestead in the state, as defined herein; the amount of
 6 such credit to be in the same proportion that the assessed valuation
 7 of each eligible homestead in the state in an amount not to exceed \$2,-
 8 500.00 bears to the total assessed valuation of all eligible homesteads
 9 in the state in an amount not to exceed \$2,500.00 for each homestead.

10 "2. The revenue distributable from the homestead credit fund, as
 11 provided for in paragraph four of section 6943-f63 as provided herein,
 12 shall be allocated every six months to the several counties of the state
 13 in the same proportion that the assessed valuation of all eligible home-
 14 steads in each county in an amount not to exceed \$2,500.00 for each
 15 homestead, bears to the total assessed valuation of all eligible home-
 16 steads in the state in an amount not to exceed \$2,500.00 for each home-

17 stead. On March 25, 1938, and every six months thereafter the board
18 shall certify and remit to the county treasurer of each county in the
19 state the total amount of money which has been apportioned or is
20 then apportionable to that county.

21 "3. On October 1, 1937, and annually thereafter, the board shall
22 estimate the millage credit not to exceed twenty-five mills to be given
23 to each dollar of eligible homestead valuation based upon the estimated
24 revenue that may be distributable from the homestead credit fund
25 for the ensuing year, and shall certify to the county auditor of each
26 county such millage credit and the amount in dollars thereof. Each
27 county auditor shall then enter such credit against the tax levied on
28 each eligible homestead in each county and payable during the en-
29 suing year, designating on the tax lists such credit as being from the
30 homestead credit fund, and credit shall then be given to the several
31 taxing districts in which such eligible homesteads are located in an
32 amount equal to the credits allowed on the taxes of such homesteads.
33 The amount of said credits shall be apportioned by each county treas-
34 urer to the several taxing districts as provided by law, in the same
35 manner as though the amount of the credit had been paid by the own-
36 ers of said homesteads; provided, however, that the several taxing
37 districts shall not be permitted to draw the funds so credited until
38 after the semi-annual allocations have been received by the county
39 treasurer, as provided in this act. Each county treasurer shall show
40 on each tax receipt the amount of credit received from the homestead
41 credit fund.

42 "4. In any county in which is located a special charter city, which
43 levies and collects its own taxes separately from the county, all millage
44 credits and the amount in dollars thereof on eligible homesteads situ-
45 ated in said city in excess of the consolidated state and county levy
46 by the state and said county for the taxing district in which said city
47 is located, but not in excess of the aggregate levy by said city, shall
48 be certified by the county auditor to the treasurer of said city who
49 shall in turn credit on said city tax lists against the taxes levied by
50 said city on each eligible homestead in said city, said excess millage
51 credits so certified to him in the same manner as herein required
52 to be done by the county auditor on the county tax lists. The county
53 treasurer shall pay to the city treasurer out of the funds apportioned
54 to said county from the homestead credit fund, the amount of said
55 funds so apportioned in excess of the state and county consolidated
56 levy, which shall be applied upon the taxes on eligible homesteads in
57 said city as herein provided. All funds so apportioned in excess of
58 the combined city and consolidated state and county levies for said
59 taxing district exclusive of special assessments shall be remitted to
60 the state board of assessment and review to be re-deposited in the
61 homestead credit fund for re-allocation as provided in this act. The
62 intention and purpose of this provision shall be to allot to each eligible
63 homestead located in such city the same proportionate tax credits re-
64 ceived by eligible homesteads in other cities and towns, but this pro-
65 vision shall not be construed in any way to allot to eligible homesteads
66 in such city any greater benefits or credits than eligible homesteads
67 in other cities and towns."

1 SEC. 5. Any person who desires to avail himself of the benefits
2 provided hereunder shall each year commencing January 1, 1938, de-

3 liver to the assessor, on blank forms to be furnished by the assessor, a
4 verified statement and designation of homestead as claimed by him,
5 and the assessor shall return said statement and designation with
6 the assessment roll to the county auditor with his recommendation
7 for allowance or disallowance endorsed thereon; provided, that if the
8 said verified statement and designation of homestead is not delivered
9 to the assessor, the person may, on or before June 1 of any year, file
10 with the county auditor such verified statement and designation, to-
11 gether with the supporting affidavits of at least two disinterested
12 freeholders of the taxing district in which the claimed homestead is
13 located.

1 SEC. 6. The county board of supervisors in each county shall forth-
2 with examine all such claims, whether delivered to the assessors or
3 filed with the county auditor as herein provided, and shall either allow
4 or disallow said claims, and in the event of disallowance shall notify
5 the claimant of such action by mailing a written notice thereof ad-
6 dressed to claimant at his last known address.

1 SEC. 7. All claims which have been allowed by the board of super-
2 visors shall be certified on or before July 1, in each year, by the county
3 auditor to the county treasurer, which certificates shall list the name
4 of each owner, legal description of the claimed homestead, and the
5 assessed valuation of said homestead in an amount not to exceed
6 twenty-five hundred (\$2,500) dollars for each homestead. The county
7 treasurer shall forthwith certify to the state board of assessment and
8 review the total assessed valuation of all homesteads so certified in an
9 amount not to exceed twenty-five hundred (\$2,500) dollars for each
10 homestead.

1 SEC. 8. If the assessor who last listed and valued a claimed eligible
2 homestead did not, in the description and valuation thereof, comply
3 with the provisions of section 6962, code of 1935, he shall, if still in
4 office, on the written request of such claimant and without expense
5 to the claimant or to the county, correct his listing and valuations of
6 such claimed homestead and contiguous real property originally listed
7 and valued by him, and file such corrected listing and valuations with
8 the county auditor, who forthwith shall certify the same to the county
9 treasurer, and said county treasurer shall so correct his tax books;
10 provided, that if the assessor who last listed and valued such property
11 is not still in office, the assessor in office shall, on such written request
12 and at the expense of the county, so correct such listing and valuations
13 of said homestead and said contiguous real property.

1 SEC. 9. If any person fails to make claim for the credits provided
2 for under this act as herein required, he shall be deemed to have
3 waived the homestead credit for the year in which he failed to make
4 claim.

1 SEC. 10. Any person whose claim is denied under the provisions
2 of this act may appeal from the action of the board of supervisors to
3 the district court of the county in which said claimed homestead is
4 situated by giving written notice of such appeal to the county auditor
5 of said county within twenty days from the date of mailing of notice
6 of such action by the board of supervisors.

7 In the event any claim under this act is allowed, any owner of an
8 eligible homestead, or the state board of assessment and review, may
9 appeal from the action of the board of supervisors to the district court
10 of the county in which said claimed homestead is situated, by giving
11 written notice of such appeal to the county auditor of said county and
12 such notice to the owner of said claimed homestead as a judge of the
13 district court shall direct.

14 Said appeals shall be tried by equitable proceedings.

1 SEC. 11. Any person who is the owner of a homestead, as defined
2 in this act, and who desires to avail himself of the benefits provided
3 hereunder for the 1936 taxes payable in 1937 and for the 1937 taxes
4 payable in 1938 may do so by filing a verified statement with the
5 county auditor of the county in which the claimed homestead is located
6 on or before June 1, 1937, and the claim of the owner must be sup-
7 ported by the affidavits of at least two disinterested free holders of the
8 taxing district in which the claimed homestead is located.

9 The board of supervisors in each county shall forthwith examine
10 all such claims and shall either allow or disallow same and establish
11 the assessed value of the homestead where the same has been assessed
12 with other real estate, and in the event of disallowance shall notify
13 the claimant of such action by mailing a written notice thereof ad-
14 dressed to claimant at his last known address.

1 SEC. 12. All such claims which have been allowed by the board of
2 supervisors shall be certified on or before July 1, 1937, by the county
3 auditor to the county treasurer, as provided in section 7 of this act,
4 and the county treasurer shall forthwith certify the same to the state
5 board of assessment and review, as provided in section 7 of this act.

1 SEC. 13. On or before September 1, 1937, the revenue then dis-
2 tributable in the homestead credit fund, as provided for in section 3
3 of this act, shall be allocated to the several counties of the state in the
4 manner as provided in section 4 of this act.

1 SEC. 14. The county treasurer of each county shall enter a credit
2 against the tax levied on each eligible homestead, being the tax for the
3 year 1936, payable in 1937, said credit to be made as provided in
4 section 4 of this act. The county treasurer shall show on each tax
5 receipt that said credit is received from the homestead credit fund.
6 In the event that a taxpayer has paid one or both of the installments
7 of the 1936 tax payable in 1937 on such eligible homestead, prior to
8 the time of entering of such credit, the county treasurer shall, at the
9 time he enters such credit, remit to such taxpayer the amount of such
10 credit less unpaid portion of tax, if any.

1 SEC. 15. The determination of the assessed valuation of eligible
2 homesteads as provided herein, from which the credit on the 1936
3 taxes payable in 1937 is determined, shall also be the valuation from
4 which is determined the credit to be given on the 1937 taxes payable
5 in 1938.

1 SEC. 16. The board shall prescribe the form for the making of
2 verified statement and designation of homestead, and the form for the
3 supporting affidavits required herein, and such other forms as may

4 be necessary for the proper administration of this act. As soon as
5 practicable after the effective date of this act, and from time to time
6 thereafter as necessary, the board shall forward to the county auditors
7 of the several counties in the state such prescribed sample forms, and
8 the county auditors shall furnish blank forms prepared in accordance
9 therewith with the assessment rolls, books, and supplies delivered to
10 the assessors.

11 The board shall have the power and authority to prescribe rules
12 and regulations, not inconsistent with the provisions of this act, neces-
13 sary to carry out and effectuate its purposes.

1 SEC. 17. If the amount of credit apportioned to any homestead
2 under the provisions of this act in any year shall exceed the total tax,
3 exclusive of any special assessments levied against said homestead,
4 then such excess shall be remitted by the county treasurer to the state
5 board of assessment and review to be redeposited in the homestead
6 credit fund and be reallocated the following year by the board as
7 provided hereunder.

8 In the event any claim for credit made hereunder has been denied
9 by the board of supervisors, and such action is subsequently reversed
10 on appeal, the same millage credit shall be allowed on the assessed
11 valuation, not to exceed \$2,500 in amount, of the homestead involved
12 in said appeal, as was allowed on other homestead valuations for the
13 year or years in question, and the state board of assessment and re-
14 view, the county auditor, and the county treasurer are hereby author-
15 ized and directed to make such millage credit and to change their
16 books and records accordingly.

17 In the event the appealing taxpayer has paid one or both of the
18 installments of the tax payable in the year or years in question on
19 such homestead valuation, remittance shall be made to such taxpayer
20 of the amount of such credit.

21 The amount of such credit shall be allocated and paid from the sur-
22 plus redeposited in the homestead credit fund provided for in the first
23 paragraph of this section.

1 SEC. 18. In the event any claim is allowed, and subsequently re-
2 versed on appeal, any credit made thereunder shall be void, and the
3 amount of such credit shall be charged against the property in ques-
4 tion, and the state board of assessment and review, the county auditor,
5 and the county treasurer are authorized and directed to correct their
6 books and records accordingly. The amount of such erroneous credit,
7 when collected, shall be returned by the county treasurer to the home-
8 stead credit fund to be reallocated the following year as provided
9 herein.

1 SEC. 19. For the purpose of this act and wherever used in this act:

2 1. The word, "homestead", shall have the following meaning:

3 a. The homestead must embrace the dwelling house in which the
4 owner claiming a millage credit or refund under this act actually
5 lives six (6) months or more in the year except that in the first year
6 of ownership it shall be sufficient if the owner is living in the dwelling
7 house at the time the claim for homestead credit is made, and makes
8 an affidavit of his intention to occupy said dwelling house, in good
9 faith, as a home.

10 b. It may contain one or more contiguous lots or tracts of land
11 with the buildings or other appurtenances thereon habitually, and in
12 good faith, used as a part of the homestead.

13 c. If within a city or town plat, it must not exceed one-half ($\frac{1}{2}$)
14 acre in extent; if, however, its assessed valuation is less than twenty-
15 five hundred dollars (\$2500.00), the land area may be enlarged until
16 its assessed valuation reaches that amount.

17 d. If outside of a city or town, it must not contain more than forty
18 (40) acres.

19 e. It must not embrace more than one dwelling house, but where a
20 homestead outside of a city or town has more than one dwelling house
21 situated thereon, the millage credit provided for in this act, shall apply
22 to forty (40) acres, the home and buildings used by the owner, but
23 shall not apply to any other dwelling house and buildings appurtenant
24 thereto situated upon said forty (40) acres.

25 f. The words, "*dwelling house*" shall embrace any building occupied
26 wholly or in part by the claimant as a home.

27 2. The word, "*owner*", shall mean the person who holds the fee
28 simple title to the homestead, and in addition shall mean the person
29 occupying as a surviving spouse or the person occupying under a con-
30 tract of purchase where it is shown that not less than one-tenth ($\frac{1}{10}$)
31 of the purchase price named in the contract actually has been paid
32 and which contract has been recorded in the office of the county re-
33 corder of the county in which the property is located, or the person
34 occupying the homestead under devise or by operation of the inherit-
35 ance laws where the whole interest passes or where the divided inter-
36 est is shared only by blood relatives, or by legally adopted children,
37 or where the person is occupying the homestead under a deed which
38 conveys a divided interest where the other interests are owned by
39 blood relatives or by legally adopted children.

40 Where not in conflict with the terms of the definitions above set
41 out, the provisions of chapter 441 of the code of 1935 shall control.

1 SEC. 20. If any two or more persons conspire and confederate to-
2 gether with fraudulent intent to obtain the millage credit provided for
3 under the terms of this act by making a false deed, or a false contract
4 of purchase, they are guilty of a conspiracy and every person who is
5 convicted of such a conspiracy shall be imprisoned in the county jail
6 for a period not to exceed one year, or shall be fined in a sum not to
7 exceed one thousand dollars (\$1000.00), or shall be imprisoned in
8 the penitentiary not more than three (3) years.

1 SEC. 21. Any person making a false claim or affidavit for the pur-
2 pose of securing a homestead tax credit, or for the purpose of aiding
3 another to secure such homestead tax credit, shall be guilty of a mis-
4 demeanor and, upon conviction, shall be punished by a fine of not
5 more than one hundred (100) dollars, or by imprisonment in the
6 county jail not more than thirty (30) days, or by both such fine and
7 imprisonment.

1 *SEC. 22. Amend section 6943-f39 by striking from said section at
2 the beginning of line three (3) thereof "and ending April 1, 1937."

* Note: Repealed, Sec. 20 S. F. 316.

1 SEC. 23. If any portion of this act should be declared unconstitu-
2 tional, such invalidity shall not be construed to affect any other portion
3 of this act which can be given force and effect without said invalid
4 portion.

1 SEC. 24. This act, being deemed of immediate importance, shall
2 be in full force and effect after its passage and publication in the
3 Pocahontas Record-Democrat, a newspaper published at Pocahontas,
4 Iowa, and in the Sigourney Review, a newspaper published at Sig-
5 ourney, Iowa.

Senate File 184. Approved March 20, 1937.

I hereby certify that the foregoing act was published in the Sigourney Review, March 24, 1937, and the Pocahontas Record Democrat, March 25, 1937.

ROBERT E. O'BRIAN, *Secretary of State.*

CHAPTER 196

SALES TAX ACT

S. F. 316

AN ACT to impose a tax on the gross receipts from retail sales as defined herein; to provide for the collection of such taxes and the administration of said act; to fix fines and penalties for the violation of the provisions of this act; to provide for the apportionment of the revenues derived from said tax; to appropriate funds for the administration of this act; and to repeal all laws or parts of laws in conflict herewith.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Definitions. The following words, terms, and phrases,
2 when in this act, have the meanings ascribed to them in this section,
3 except where the context clearly indicates a different meaning:

4 a. "Person" includes any individual, firm, copartnership, joint ad-
5 venture, association, corporation, municipal corporation, estate, trust,
6 business trust, receiver, or any other group or combination acting as
7 a unit and the plural as well as the singular number.

8 b. "Sales" means any transfer, exchange, or barter, conditional or
9 otherwise, in any manner or by any means whatsoever, for a consider-
10 ation.

11 c. "Retail sale" or "sale at retail" means the sale to a consumer
12 or to any person for any purpose, other than for processing or for
13 resale of tangible personal property and the sale of gas, electricity,
14 water, and communication service to retail consumers or users, but
15 does not include commercial fertilizer or agricultural limestone.
16 Tangible personal property is sold for processing within the meaning
17 of this subsection only when it is intended that such property shall
18 by means of fabrication, compounding, manufacturing, or germination
19 become an integral part of other tangible personal property intended
20 to be sold ultimately at retail, or shall be consumed as fuel in creating
21 power or steam for processing or for generating electric current.

22 d. "Business" includes any activity engaged in by any person or
23 caused to be engaged in by him with the object of gain, benefit, or
24 advantage, either direct or indirect.