

Senate Study Bill 1138 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
VETERANS AFFAIRS BILL BY
CHAIRPERSON REICHMAN)

A BILL FOR

1 An Act relating to the military service property tax exemption
2 and credit and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 426A.11, subsection 1, Code 2023, is
2 amended by striking the subsection.

3 Sec. 2. Section 426A.11, subsection 2, Code 2023, is amended
4 to read as follows:

5 2. The property, not to exceed ~~one thousand eight hundred~~
6 ~~fifty-two~~ four thousand dollars in taxable value, of an
7 honorably separated, retired, furloughed to a reserve, placed
8 on inactive status, or discharged veteran, as defined in
9 section 35.1, subsection 2, paragraph "a" or "b".

10 Sec. 3. APPLICABILITY. This Act applies to property taxes
11 due and payable in fiscal years beginning on or after July 1,
12 2023.

13 EXPLANATION

14 The inclusion of this explanation does not constitute agreement with
15 the explanation's substance by the members of the general assembly.

16 This bill relates to the military service property tax
17 exemption and credit.

18 Under current law, veterans of World War I are entitled
19 to a property tax exemption of \$2,778 in taxable value and
20 honorably discharged veterans who served during other specific
21 time periods are entitled to a property tax exemption of \$1,852
22 in taxable value. The bill increases the exemption amount for
23 all eligible veterans to \$4,000.

24 Under current law, the state provides funding to local
25 governments for the military service property tax exemption
26 and credit up to \$6.92 per \$1,000 of assessed value of the
27 exempt property. Code section 25B.7 provides that if a
28 state appropriation made to fund a credit or exemption is not
29 sufficient to fully fund the credit or exemption, the political
30 subdivision shall be required to extend to the taxpayer only
31 that portion of the credit or exemption estimated by the
32 department of revenue to be funded by the state appropriation.
33 The requirement for fully funding and the consequences of not
34 fully funding under Code section 25B.7 apply to the military
35 service property tax credit and exemption to the extent of

S.F. _____

1 \$6.92 per \$1,000 of assessed value of the exempt property.

2 The bill applies to property taxes due and payable in fiscal

3 years beginning on or after July 1, 2023.