

FILED FEB 5 1990

SENATE FILE 2222
BY HUSAK

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing an increase in the homestead tax credit and
2 providing an effective date.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 2222
FISCAL NOTE

A fiscal note for Senate File 2222 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2222 provides for increases in the actual value level on which the homestead credit is calculated. Increases are scheduled for five consecutive years beginning in 1991.

Assumption

These estimates assume the level of the homestead credit expenditures to be made in FY 1991 remain constant. The impact of the proposal would vary somewhat from these estimates if the projections for expenditures under current law were altered for each year.

Fiscal Impact

Fiscal Year	Current Est. For FY 1991	HOMESTEAD CREDIT ACTUAL VALUE LEVEL		Estimated Cost Over FY 1991
		Current	Proposed	
1991	\$99.0 m	\$4,850	\$ 6,100	\$ 25.4 m
1992	\$99.0 m	\$4,850	\$ 7,600	\$ 56.1 m
1993	\$99.0 m	\$4,850	\$ 9,100	\$ 86.7 m
1994	\$99.0 m	\$4,850	\$10,700	\$119.4 m
1995	\$99.0 m	\$4,850	\$12,400	\$154.1 m

Source: Department of Revenue and Finance

(LSB 7383xs, PD8)

FILED FEBRUARY 20, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

SF 2222

1 Section 1. Section 425.1, subsection 2, Code 1989, is
2 amended to read as follows:

3 2. The homestead credit fund shall be apportioned each
4 year so as to give a credit against the tax on each eligible
5 homestead in the state in an amount equal to the actual levy
6 on the first four thousand eight hundred fifty dollars of
7 actual value for each homestead: for property taxes for the
8 fiscal year beginning July 1, 1989, and for subsequent years
9 for each homestead as follows:

10 a. For property taxes for the fiscal year beginning July
11 1, 1990, the first six thousand one hundred dollars of actual
12 value.

13 b. For property taxes for the fiscal year beginning July
14 1, 1991, the first seven thousand six hundred dollars of
15 actual value.

16 c. For property taxes for the fiscal year beginning July
17 1, 1992, the first nine thousand one hundred dollars of actual
18 value.

19 d. For property taxes for the fiscal year beginning July
20 1, 1993, the first ten thousand seven hundred dollars of
21 actual value.

22 e. For property taxes for the fiscal year beginning July
23 1, 1994, and all subsequent tax years, the first twelve
24 thousand four hundred dollars of actual value.

25 Sec. 2. Section 425.1, subsection 4, Code 1989, is amended
26 to read as follows:

27 4. Annually the department of revenue and finance shall
28 estimate the credit not to exceed the actual levy on the first
29 ~~four-thousand-eight-hundred-fifty-dollars~~ amounts of actual
30 value of each eligible homestead as set out in subsection 2,
31 and shall certify to the county auditor of each county the
32 credit and its amount in dollars. Each county auditor shall
33 then enter the credit against the tax levied on each eligible
34 homestead in each county payable during the ensuing year,
35 designating on the tax lists the credit as being from the

1 homestead credit fund, and credit shall then be given to the
2 several taxing districts in which eligible homesteads are
3 located in an amount equal to the credits allowed on the taxes
4 of the homesteads. The amount of credits shall be apportioned
5 by each county treasurer to the several taxing districts as
6 provided by law, in the same manner as though the amount of
7 the credit had been paid by the owners of the homesteads.
8 However, the several taxing districts shall not draw the funds
9 so credited until after the semiannual allocations have been
10 received by the county treasurer, as provided in this chapter.
11 Each county treasurer shall show on each tax receipt the
12 amount of credit received from the homestead credit fund.

13 Sec. 3.

14 This Act, being deemed of immediate importance, takes
15 effect upon enactment.

16 EXPLANATION

17 This bill increases the homestead tax credit over a period
18 of five years. Current law provides a credit on \$4,850 of
19 actual value. Under the bill, the homestead tax credit will
20 be computed on the following actual values: \$6,100 for the
21 tax year beginning July 1, 1990, \$7,600 for the tax year
22 beginning July 1, 1991, \$9,100 for the tax year beginning July
23 1, 1992, \$10,700 for the tax year beginning July 1, 1993, and
24 \$12,400 for the tax year beginning July 1, 1994, and all
25 subsequent tax years.

26 The bill is effective upon enactment and is applicable to
27 property taxes for years beginning on or after July 1, 1990.

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