

REVENUE DEPARTMENT[701]

Regulatory Analysis

Notice of Intended Action to be published: 701—Chapter 104
“Property Tax Credit for Elderly and Disabled”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 425.37

State or federal law(s) implemented by the rulemaking: Iowa Code chapter 425

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

November 18, 2026
2 to 3 p.m.

Via videoconference call:
meet.google.com/egs-ucjg-frv

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Revenue no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

The purpose of this proposed rulemaking is to rescind and adopt a new Chapter 104. This chapter explains the property tax credit for elderly and disabled claimants. The Department proposes revisions to remove portions of the rules that the Department determined are obsolete, unnecessary, or duplicative of statutory language as required by Executive Order 10. Further, the Department proposes revisions to the chapter to add clarity and better organization to aid the public’s understanding of the property tax credit for elderly and disabled claimants.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

• Classes of persons that will bear the costs of the proposed rulemaking:

There are no costs associated with this proposed rulemaking.

• Classes of persons that will benefit from the proposed rulemaking:

Local governments will benefit from a greater understanding of how to award and apply the property tax credit for the elderly and disabled. Credit claimants will benefit from an accurate implementation of the credit.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- **Quantitative description of impact:**

This proposed rulemaking does not create costs for any classes of persons.

- **Qualitative description of impact:**

Ensuring that local governments understand the property tax credit for the elderly and disabled will ensure that taxpayers who are entitled to the benefit receive it.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

There are no costs to the State beyond what is already required to administer the relevant statutes.

- **Anticipated effect on State revenues:**

A greater understanding of the application of the property tax credit will ensure that the correct amount of property taxes is collected.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The cost of inaction would be potential confusion about the application of the property tax credit for the elderly and disabled, which could lead to the credit being improperly applied and could increase the property tax bill of eligible claimants. There is no cost associated with this proposed rulemaking.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

This proposed rulemaking is not costly or intrusive.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

The Department did not consider any alternative methods.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Failing to have rules on the property tax credit for the elderly and disabled would lead to greater confusion about the requirements and could lead to erroneous applications of the credit. This chapter is proposed to be updated to remove outdated and duplicative language.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.

- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.

- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.

- Establish performance standards to replace design or operational standards in the rulemaking for small business.

- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is no impact on small business associated with this proposed rulemaking.

Text of Proposed Rulemaking

ITEM 1. Rescind 701—Chapter 104 and adopt the following new chapter in lieu thereof:

CHAPTER 104
PROPERTY TAX CREDIT FOR ELDERLY AND DISABLED

701—104.1(425) Eligible claimants.

104.1(1) *Availability generally.* The property tax credit is available to claimants who are domiciled in Iowa at the time the claim is filed, or were domiciled in Iowa at the time of the claimant's death, and one of the following:

- a.* Has attained the age of 65 years but has not attained the age of 70 years on or before December 31 of the base year.
- b.* Is totally disabled and was totally disabled on or before December 31 of the base year.
- c.* Has attained the age of 65 years on or before December 31 of the base year and who is domiciled in this state.
- d.* Has attained the age of 70 years on or before December 31 of the base year and has a household income of less than two hundred fifty percent of the federal poverty level as defined by the most recently revised poverty income guidelines published by the United States Department of Health and Human Services.
- e.* Has attained the age of 23 years on or before December 31 of the base year or was a head of household on December 31 of the base year and was not claimed as a dependent on any other person's tax return for the base year.

104.1(2) *Occupancy.* In the case of a claim for property tax credit, the claimant must have occupied the property during any part of the fiscal year beginning July 1 of the base year.

104.1(3) *Homestead with two or more claimants.* If a homestead is occupied by two or more eligible claimants, each person may file a claim based upon each person's income and each person's share of the property taxes due.

104.1(4) *Credit computation for claimants under Iowa Code section 425.17(2) "a"(1) and "a"(2).* The computed credit for claimants under Iowa Code section 425.17(2) "a"(1) and "a"(2) shall be determined in accordance with the applicable schedule provided in Iowa Code section 425.23(1) as adjusted by the indexed amount determined in Iowa Code section 425.23(4).

104.1(5) *Credit computation for claimants under Iowa Code section 425.17(2) "a"(3).* In the case of a claimant under Iowa Code section 425.17(2) "a"(3), the credit shall be determined under Iowa Code section 425.23(1) "c." The credit shall be the greater of either:

- a.* The amount of credit under the computation in Iowa Code section 425.23(1) for claimants under Iowa Code section 425.17(2) "a"(1) and "a"(2), and
- b.* The difference between the property taxes due on the homestead during the applicable fiscal year minus the property taxes due on the homestead based on a full assessment during the first fiscal year for which the claimant filed a claim for a credit and if the claimant has filed for the credit for each of the subsequent fiscal years after the first credit was claimed.

This rule is intended to implement Iowa Code sections 425.17(2) and 425.23.

701—104.2(425) Spouses on separate homesteads. If both spouses are qualified homeowners living in and maintaining separate and distinct homesteads and each is actually liable for and will pay the property tax for their respective homesteads, each is eligible to file an individual credit claim for property tax due.

This rule is intended to implement Iowa Code section 425.17(4).

701—104.3(425) Multipurpose building.

104.3(1) *Generally.* A multipurpose building is a building that is used for other purposes in addition to being used for living accommodations. If a portion of a homestead property is utilized for business purposes, the property is considered to be a multipurpose building.

104.3(2) *Computation.* The portion of the property tax due attributable to the homestead only is to be used in determining the allowable credit. This portion is to be calculated by determining the

percentage of the homestead square footage to the square footage of the entire multipurpose structure. This percentage is then to be applied to the property tax due in the current fiscal year.

This rule is intended to implement Iowa Code section 425.17(8).

701—104.4(425) Multidwelling.

104.4(1) *Generally.* A multidwelling is a structure that houses more than one homestead. This includes but is not limited to apartment buildings, duplexes, condominiums, town houses, nursing homes and rooming houses. A claimant owning a multidwelling whose homestead is a portion of the multidwelling is entitled to a credit for only that portion of the property tax due attributable to the homestead.

104.4(2) *Computation.* This calculation of the credit is to be performed the same as for a multipurpose building as described in rule 701—104.3(425).

This rule is intended to implement Iowa Code section 425.17(8).

701—104.5(425) Income. In determining income, net operating losses and net capital losses are not to be considered. If the comparison of gains and losses results in a net gain, such amount shall be considered income. If the comparison results in a net loss, the net loss shall be zero.

This rule is intended to implement Iowa Code section 425.17(7).

701—104.6(425) Joint tenancy. Joint tenancy for purposes of a property tax credit is the common ownership of a homestead by two or more persons, either as joint tenants with right of survivorship or tenants in common.

This rule is intended to implement Iowa Code section 425.17(8).

701—104.7(425) Amended claim.

104.7(1) *Generally.* An amended claim can only be filed by a claimant who has timely filed a claim for property tax credit for the appropriate base year.

104.7(2) *Filing.* The amended claim must be filed within three years from October 31 of the year in which the original claim was filed. The amended claim shall be clearly marked by the claimant with the word “AMENDED.”

104.7(3) *Reimbursement upon acceptance.* If upon review by the department an additional credit is indicated, the claimant shall be reimbursed the additional amount.

This rule is intended to implement Iowa Code section 425.27.

701—104.8(425) Simultaneous homesteads. A person who owns or rents one property and also owns or rents another property for a simultaneous period of time is limited to claiming a property tax credit on the property that is considered the person’s domicile.

This rule is intended to implement Iowa Code section 425.17(4).

701—104.9(425) Confidential information. The confidentiality of income tax information contained on a property tax credit claim form is waived by the claimant for the purposes of the department sharing information with county treasurers to verify eligibility for tax credit claims.

This rule is intended to implement Iowa Code section 425.28.

701—104.10(425) Mobile, modular, and manufactured homes.

104.10(1) *Mobile, manufactured, or modular homes assessed as real estate.* An eligible claimant whose homestead is a mobile, modular, or manufactured home that the claimant owns and that was assessed as real estate resulting in property tax due may file a claim for credit for property tax due on the home and the land on which the home is located provided the land is owned by the claimant.

104.10(2) *Mobile, manufactured, or modular homes taxed under Iowa Code chapter 435.* An eligible claimant whose homestead is a mobile, modular, or manufactured home subject to the annual

tax as provided in Iowa Code chapter 435 may file a claim for credit for property taxes due on the land upon which the home is located provided the land is owned by the claimant.

This rule is intended to implement Iowa Code section 425.17(4).

701—104.11(425) Totally disabled claimants.

104.11(1) *Generally.* A person who is totally disabled must be unable to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment. In addition, the impairment must have lasted or is reasonably expected to last for a continuous period of 12 months or is expected to result in death. This disabled condition must be the determining factor in the person's inability to engage in gainful employment. A claimant is considered totally disabled only if the physical or mental impairment or impairments are of such severity that the claimant is not only unable to do work previously performed but cannot, considering the claimant's age, education, and work experience, engage in any other kind of substantial gainful work that exists in the national economy, regardless of whether such work exists in the immediate area in which the claimant lives, whether a specific job vacancy exists, or whether the claimant would be hired if the claimant applied for work. More information is contained in 42 U.S.C. §423.

104.11(2) *Examples.* Examples of physical conditions that could possibly constitute total disability would include but are not limited to:

- a. Loss of major function of one or both legs or arms;
- b. Progressive diseases that have resulted in the loss of one or both legs or arms or that have caused them to become useless;
- c. Severe arthritis;
- d. Diseases of the heart, lungs or blood vessels that have resulted in serious loss of heart or lung reserve;
- e. Diseases of the digestive system that have resulted in severe malnutrition, weakness and anemia prohibiting gainful employment;
- f. Damage to the brain or brain abnormality that has resulted in severe loss of judgment, intellect, orientation or memory; or
- g. Paralysis or diseases of the nervous system that prohibit coordination or major functioning of the body so as to prevent gainful employment.

104.11(3) *Age requirement.* For purposes of this rule, a person shall not be considered unable to engage in substantial gainful employment unless the person has attained the age of 18 on or before December 31 of the base year.

This rule is intended to implement Iowa Code section 425.17(11).

701—104.12(425) Household income.

104.12(1) *Generally.* Household income includes income of the claimant and the claimant's spouse and actual monetary payments made to the claimant by any other person living with the claimant. Household income does not include Social Security benefits received by the claimant's child and given to the claimant.

104.12(2) *Monetary payments.* Monetary payments do not include goods and services provided to the claimant by a person living with the claimant.

This rule is intended to implement Iowa Code section 425.17(6) and 425.17(7).

701—104.13(425) Timely filing of claims. If a timely mailed property tax credit claim is not received by the county treasurer or is received after the June 1 filing deadline, the claim will be considered to have been timely filed if the claimant complies with the provisions of Iowa Code section 622.105. The county treasurer may extend the time for filing a claim for property tax credit through March 31 of the fiscal year during which the property taxes are due.

This rule is intended to implement Iowa Code section 425.20.

701—104.14(425) Leased land. An individual who owns a dwelling located on land owned by another may claim a credit of property taxes due on the dwelling provided the individual pays property tax on the dwelling.

This rule is intended to implement Iowa Code section 425.17(4).

701—104.15(425) Suspended, delinquent, or canceled taxes.

104.15(1) *Suspended or canceled taxes.* No property tax credit shall be allowed to any person whose taxes have been canceled pursuant to Iowa Code section 427.8. A property tax credit shall be allowed to an eligible claimant whose taxes have been suspended pursuant to Iowa Code sections 427.8 and 427.9.

104.15(2) *Delinquent taxes.* A property tax credit shall be allowed to an eligible claimant even though the claimant's taxes for a previous fiscal year are delinquent. The claimant may receive a reimbursement for delinquent taxes paid provided the taxes are paid by December 31 following the fiscal year in which the taxes became delinquent.

This rule is intended to implement Iowa Code section 425.17(8).

701—104.16(425) Income: spouse. The income of a spouse does not have to be reported on the claimant's return unless the spouse lived with the claimant at the property upon which the property tax credit is claimed. If the spouse lived with the claimant for only a portion of the base year, only that portion of the spouse's income that was received while living with the claimant must be reported as income on the claimant's return. If the spouse is eligible to claim a credit, the spouse does not have to include any income that was reported on the other claimant's (spouse's) return.

This rule is intended to implement Iowa Code section 425.17(6).

701—104.17(425) Special assessment credit.

104.17(1) *Property taxes due.* Any person whose special assessment is paid by the department pursuant to Iowa Code section 425.23(3) cannot include the special assessment as property taxes due under Iowa Code section 425.17(10) for purposes of determining a property tax credit.

104.17(2) *Special assessment credit qualifications.* No special assessment credit claim shall be allowed pursuant to Iowa Code section 425.23(3) unless at the time the application for credit is filed the property upon which the levy is made includes a homestead dwelling as defined in Iowa Code section 425.17(4) and the claimant's household income does not exceed the indexed amount determined pursuant to Iowa Code section 425.23(4).

104.17(3) *Audit by the department.* The director may audit the books and records of the county treasurer to determine if the amounts certified by the county treasurer to the director pursuant to Iowa Code section 425.23(3) are true and correct. The director may also initiate investigations or assist the county treasurer's investigations into eligibility of a claimant for the special assessment credit in accordance with Iowa Code section 425.27. Upon investigation, the director may order the county treasurer to reimburse the state of Iowa any amounts that were erroneously paid to the county treasurer or issue a reimbursement directly to the claimant if it is determined the claimant did not receive the benefits to which the claimant is entitled pursuant to Iowa Code section 425.23(3).

This rule is intended to implement Iowa Code section 425.23(3).

701—104.18(425) Credit applied. The county treasurer shall apply the property tax credit equally to the claimant's first and second half tax liabilities provided the claim for credit is timely filed.

This rule is intended to implement Iowa Code sections 425.16 through 425.37, 425.39, and 425.40.

701—104.19(425) Audit of claim.

104.19(1) *Authority.* The department may audit the records of the county treasurer to determine the accuracy of claims filed for property tax credits. The department may also investigate the eligibility of a claimant for a property tax credit.

104.19(2) *Recomputed property tax credit claim.* If it is determined a computed property tax credit has been overpaid, the department shall notify the claimant and county treasurer of the overpayment. The county treasurer shall collect the overpayment from the claimant as if it were an unpaid property tax and reimburse the department for the amount of overpayment. However, if the property upon which the credit was allowed is no longer owned by the claimant, the department shall collect the amount of overpayment directly from the claimant. If it is determined a computed property tax credit has been underpaid, the department shall reimburse the claimant directly for the amount of underpayment.

This rule is intended to implement Iowa Code section 425.27.

701—104.20(425) Extension of time for filing a claim. The granting of an extension of time for filing a claim for credit does not extend the time within which or the dates on or by which eligibility requirements must be satisfied.

This rule is intended to implement Iowa Code section 425.20.

701—104.21(425) Annual adjustment factor. The income levels used for determining the allowable percent of property tax credit, special assessment credit, or the amount of the mobile home reduced tax rate shall be adjusted each year to reflect the inflation factor as computed pursuant to Iowa Code section 422.4. The annual adjustment factor does not apply to claimants pursuant to Iowa Code section 425.17(2)“a”(3) if the amount of the credit is calculated under Iowa Code section 425.23(1)“c”(2).

This rule is intended to implement Iowa Code sections 425.23 and 435.22(2).

701—104.22(425) Proration of claims. If the director determines that the amount of funding provided pursuant to Iowa Code section 425.39 will be insufficient to pay all property tax credit claims filed, the director shall estimate the percentage at which the claims will be paid and shall prorate the payment of each property tax credit claim by the same estimated percentage. The county treasurer shall, pursuant to Iowa Code section 25B.7, be required to extend to the claimant only that portion of the credit estimated by the department to be funded by the state appropriation. However, in the case of a claimant pursuant to Iowa Code section 425.17(2)“a”(3), the state will not fund the credit in excess of what is appropriated for the claimants calculating their credits pursuant to Iowa Code section 425.23(1)“c”(1).

This rule is intended to implement Iowa Code sections 25B.7 and 425.39.