

**CHAPTER 1111****MILITARY SERVICE TAX CREDIT***H.F. 2751*

**AN ACT** relating to eligibility for the military service property tax credit and exemption and including effective and applicability date provisions.

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

Section 1. Section 426A.11, subsection 4, Code Supplement 2005, is amended to read as follows:

4. For purposes of this chapter, unless the context otherwise requires, "veteran" also means a resident of this state who is a former member of the armed forces of the United States and who served for a minimum aggregate of ~~three years~~ eighteen months and who was discharged under honorable conditions. However, "veteran" also means a resident of this state who is a former member of the armed forces of the United States and who, after serving fewer than eighteen months, was honorably discharged because of a service-related injury sustained by the veteran.

Sec. 2. STATE FUNDING. The military service tax credits and exemptions provided pursuant to this Act shall be funded pursuant to chapter 426A and section 25B.7, subsection 2.

Sec. 3. EFFECTIVE AND APPLICABILITY DATES. This Act, being deemed of immediate importance, takes effect upon enactment and applies to military service tax exemptions and credits for taxes due and payable for fiscal years beginning on or after July 1, 2006.

Approved May 8, 2006

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**CHAPTER 1112****INCOME TAXATION OF ELDERLY PERSONS***S.F. 2408*

**AN ACT** relating to elderly income tax relief by providing for an elderly taxpayer income tax exclusion and the phasing out of the income tax on social security benefits and including effective and applicability date provisions.

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

Section 1. Section 422.5, Code 2005, is amended by adding the following new subsection: NEW SUBSECTION. 2A. However, the tax shall not be imposed on a resident or nonresident who is at least sixty-five years old on December 31 of the tax year and whose net income, as defined in section 422.7, is twenty-four thousand dollars or less in the case of married persons filing jointly or filing separately on a combined return, unmarried heads of household, and surviving spouses or eighteen thousand dollars or less in the case of all other persons; but in the event that the payment of tax under this division would reduce the net income to less than twenty-four thousand dollars or eighteen thousand dollars as applicable, then the tax