

CHAPTER 425

HOMESTEAD TAX CREDITS AND REIMBURSEMENT

[P]

For requirements relating to state funding of property
tax credits, see §25B.7

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DIVISION I

HOMESTEAD TAX CREDITS

425.1 Homestead credit fund — apportionment — payment.

1. A homestead credit fund is created. There is appropriated annually from the general fund of the state to the department of revenue to be credited to the homestead credit fund, an amount sufficient to implement this chapter.

The director of the department of administrative services shall issue warrants on the homestead credit fund payable to the county treasurers of the several counties of the state under this chapter.

2. The homestead credit fund shall be apportioned each year so as to give a credit against the tax on each eligible homestead in the state in an amount equal to the actual levy on the first four thousand eight hundred fifty dollars of actual value for each homestead.

3. The amount due each county shall be paid in two payments on November 15 and March 15 of each fiscal year, drawn upon warrants payable to the respective county treasurers. The two payments shall be as nearly equal as possible.

4. Annually the department of revenue shall certify to the county auditor of each county the credit and its amount in dollars. Each county auditor shall then enter the credit against the tax levied on each eligible homestead in each county payable during the ensuing year, designating on the tax lists the credit as being from the homestead credit fund, and credit

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

5. If the homestead tax credit computed under this section is less than sixty-two dollars and fifty cents, the amount of homestead tax credit on that eligible homestead shall be sixty-two dollars and fifty cents subject to the limitation imposed in this section.

6. The homestead tax credit allowed in this chapter shall not exceed the actual amount of taxes payable on the eligible homestead, exclusive of any special assessments levied against the homestead.

[C35, §6943-f63, -f64; C39, §6943.100, 6943.142; C46, §422.69, 425.1; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.1; 82 Acts, ch 1186, §2, 5]

83 Acts, ch 172, §3; 86 Acts, ch 1244, §50; 91 Acts, ch 97, §48; 2003 Acts, ch 145, §258, 286; 2005 Acts, ch 140, §52

425.2 Qualifying for credit.

A person who wishes to qualify for the credit allowed under this chapter shall obtain the appropriate forms for filing for the credit from the assessor. The person claiming the credit shall file a verified statement and designation of homestead with the assessor for the year for which the person is first claiming the credit. The claim shall be filed not later than July 1 of the year for which the person is claiming the credit. A claim filed after July 1 of the year for which the person is claiming the credit shall be considered as a claim filed for the following year.

Upon the filing and allowance of the claim, the claim shall be allowed on that homestead for successive years without further filing as long as the property is legally or equitably owned and used as a homestead by that person or that person's spouse on July 1 of each of those successive years, and the owner of the property being claimed as a homestead declares residency in Iowa for purposes of income taxation, and the property is occupied by that person or that person's spouse for at least six months in each of those calendar years in which the fiscal year begins. When the property is sold or transferred, the buyer or transferee who wishes to qualify shall refile for the credit. However, when the property is transferred as part of a distribution made pursuant to chapter 598, the transferee who is the spouse retaining ownership of the property is not required to refile for the credit. Property divided pursuant to chapter 598 shall not be modified following the division of the property. An owner who ceases to use a property for a homestead or intends not to use it as a homestead for at least six months in a calendar year shall provide written notice to the assessor by July 1 following the date on which the use is changed. A person who sells or transfers a homestead or the personal representative of a deceased person who had a homestead at the time of death, shall provide written notice to the assessor that the property is no longer the homestead of the former claimant.

In case the owner of the homestead is in active service in the armed forces of this state or of the United States, or is sixty-five years of age or older, or is disabled, the statement and designation may be signed and delivered by any member of the owner's family, by the owner's guardian or conservator, or by any other person who may represent the owner under power of attorney. If the owner of the homestead is married, the spouse may sign and deliver the statement and designation. The director of human services or the director's designee may make application for the benefits of this chapter as the agent for and on behalf of persons receiving assistance under chapter 249.

Any person sixty-five years of age or older or any person who is disabled may request, in writing, from the appropriate assessor forms for filing for homestead tax credit. Any person sixty-five years of age or older or who is disabled may complete the form, which shall include a statement of homestead, and mail or return it to the appropriate assessor. The signature

of the claimant on the statement shall be considered the claimant's acknowledgment that all statements and facts entered on the form are correct to the best of the claimant's knowledge.

Upon adoption of a resolution by the county board of supervisors, any person may request, in writing, from the appropriate assessor forms for the filing for homestead tax credit. The person may complete the form, which shall include a statement of homestead, and mail or return it to the appropriate assessor. The signature of the claimant on the statement of homestead shall be considered the claimant's acknowledgment that all statements and facts entered on the form are correct to the best of the claimant's knowledge.

[C39, §6943.143; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.2; 82 Acts, ch 1246, §1, 11]

83 Acts, ch 96, §157, 159; 86 Acts, ch 1109, §1; 87 Acts, ch 198, §2; 88 Acts, ch 1141, §1; 89 Acts, ch 256, §1; 90 Acts, ch 1087, §1; 91 Acts, ch 97, §49; 92 Acts, ch 1073, §9; 94 Acts, ch 1143, §1; 97 Acts, ch 206, §6

425.3 Verification of claims for homestead credit.

The assessor shall retain a permanent file of current homestead claims filed in the assessor's office. The assessor shall file a notice of transfer of property for which a claim is filed when notice is received from the office of the county recorder.

The county recorder shall give notice to the assessor of each transfer of title filed in the recorder's office. The notice shall describe the property transferred, the name of the person transferring the title to the property, and the name of the person to whom title to the property has been transferred.

Not later than July 6 of each year, the assessor shall remit the statements and designation of homesteads to the county auditor with the assessor's recommendation for allowance or disallowance. If the assessor recommends disallowance of a claim, the assessor shall submit the reasons for the recommendation, in writing, to the county auditor.

The county auditor shall forward the claims to the board of supervisors. The board shall allow or disallow the claims. If the board disallows a claim, it shall send written notice, by mail, to the claimant at the claimant's last known address. The notice shall state the reasons for disallowing the claim for the credit. The board is not required to send notice that a claim is disallowed if the claimant voluntarily withdraws the claim.

[C39, §6943.144; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.3; 82 Acts, ch 1246, §2, 11]

86 Acts, ch 1241, §32; 94 Acts, ch 1144, §1

425.4 Certification to treasurer.

All claims which have been allowed by the board of supervisors shall be certified on or before August 1, in each year, by the county auditor to the county treasurer, which certificates shall list the total amount of dollars, listed by taxing district in the county, due for homestead tax credits claimed and allowed. The county treasurer shall forthwith certify to the department of revenue the total amount of dollars, listed by taxing district in the county, due for homestead tax credits claimed and allowed.

[C39, §6943.145; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.4]
2003 Acts, ch 145, §286

425.5 Correcting listing.

If the assessor who last listed and valued a claimed eligible homestead did not, in the description and valuation thereof, comply with the provisions of section 428.7, the assessor shall, if still in office, on the written request of such claimant and without expense to the claimant or to the county, correct the listing and valuations of such claimed homestead and contiguous real property originally listed and valued by the assessor, and file such corrected listing and valuations with the county auditor, who forthwith shall certify the same to the county treasurer, and said county treasurer shall so correct the tax books; provided, that if the assessor who last listed and valued such property is not still in office, the assessor in office

shall, on such written request and at the expense of the county, so correct such listing and valuations of said homestead and said contiguous real property.

[C39, §6943.146; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.5]

425.6 Waiver by neglect.

If a person fails to file a claim or to have a claim on file with the assessor for the credits provided in this chapter, the person is deemed to have waived the homestead credit for the year in which the person failed to file the claim or to have a claim on file with the assessor.

[C39, §6943.147; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.6; 82 Acts, ch 1246, §3, 11]

425.7 Appeals permitted — disallowed claims and penalty.

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

2. In the event any claim under this chapter is allowed, any owner of an eligible homestead may appeal from the action of the board of supervisors to the district court of the county in which said claimed homestead is situated, by giving written notice of such appeal to the county auditor of said county and such notice to the owner of said claimed homestead as a judge of the district court shall direct.

3. If the director of revenue determines that a claim for homestead credit has been allowed by the board of supervisors which is not justifiable under the law and not substantiated by proper facts, the director may, at any time within thirty-six months from July 1 of the year in which the claim is allowed, set aside the allowance. Notice of the disallowance shall be given to the county auditor of the county in which the claim has been improperly granted and a written notice of the disallowance shall also be addressed to the claimant at the claimant's last known address. The claimant or board of supervisors may appeal to the state board of tax review pursuant to section 421.1, subsection 5. The claimant or the board of supervisors may seek judicial review of the action of the state board of tax review in accordance with chapter 17A.

If a claim is disallowed by the director of revenue and not appealed to the state board of tax review or appealed to the state board of tax review and thereafter upheld upon final resolution, including any judicial review, any amounts of credits allowed and paid from the homestead credit fund including the penalty, if any, become a lien upon the property on which credit was originally granted, if still in the hands of the claimant, and not in the hands of a bona fide purchaser, and any amount so erroneously paid including the penalty, if any, shall be collected by the county treasurer in the same manner as other taxes and the collections shall be returned to the department of revenue and credited to the homestead credit fund. The director of revenue may institute legal proceedings against a homestead credit claimant for the collection of payments made on disallowed credits and the penalty, if any. If a person makes a false claim or affidavit with fraudulent intent to obtain the homestead credit, the person is guilty of a fraudulent practice and the claim shall be disallowed in full. If the credit has been paid, the amount of the credit plus a penalty equal to twenty-five percent of the amount of credit plus interest, at the rate in effect under section 421.7, from the time of payment shall be collected by the county treasurer in the same manner as other property taxes, penalty, and interest are collected and when collected shall be paid to the director of revenue. If a homestead credit is disallowed and the claimant failed to give written notice to the assessor as required by section 425.2 when the property ceased to be used as a homestead

by the claimant, a civil penalty equal to five percent of the amount of the disallowed credit is assessed against the claimant.

[C39, §6943.148; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.7; 82 Acts, ch 1246, §4, 11]

89 Acts, ch 251, §33; 97 Acts, ch 158, §26; 2001 Acts, ch 154, §1, 6; 2002 Acts, ch 1151, §15; 2003 Acts, ch 145, §286; 2006 Acts, ch 1010, §106

[P] Fraudulent practices; §714.8 – 714.14

425.8 Forms — rules.

The director of revenue shall prescribe the form for the making of verified statement and designation of homestead, the form for the supporting affidavits required herein, and such other forms as may be necessary for the proper administration of this chapter. Whenever necessary, the department of revenue shall forward to the county auditors of the several counties in the state the prescribed sample forms, and the county auditors shall furnish blank forms prepared in accordance therewith with the assessment rolls, books, and supplies delivered to the assessors. The department of revenue shall prescribe and the county auditors shall provide on the forms for claiming the homestead credit a statement to the effect that the owner realizes that the owner must give written notice to the assessor when the owner changes the use of the property.

The director of revenue may prescribe rules, not inconsistent with the provisions of this chapter, necessary to carry out and effectuate its purposes.

[C39, §6943.149; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.8; 82 Acts, ch 1246, §5, 11]

2003 Acts, ch 145, §286

425.9 Credits in excess of tax — appeals — refunds.

If the amount of credit apportioned to any homestead under the provisions of this chapter in any year shall exceed the total tax, exclusive of any special assessments levied against said homestead, then such excess shall be remitted by the county treasurer to the department of revenue to be redeposited in the homestead credit fund and be reallocated the following year by the department as provided hereunder.

If any claim for credit made hereunder has been denied by the board of supervisors, and such action is subsequently reversed on appeal, the credit shall be allowed on the homestead involved in said appeal, and the director of revenue, the county auditor, and the county treasurer shall make such credit and change their books and records accordingly.

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

The amount of such credit shall be allocated and paid from the surplus redeposited in the homestead credit fund provided for in the first paragraph of this section.

[C39, §6943.150; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.9]

2003 Acts, ch 145, §286

425.10 Reversal of allowed claim.

In the event any claim is allowed, and subsequently reversed on appeal, any credit made thereunder shall be void, and the amount of such credit shall be charged against the property in question, and the director of revenue, the county auditor, and the county treasurer are authorized and directed to correct their books and records accordingly. The amount of such erroneous credit, when collected, shall be returned by the county treasurer to the homestead credit fund to be reallocated the following year as provided herein.

[C39, §6943.151; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.10]

2003 Acts, ch 145, §286

425.11 Definitions.

For the purpose of this chapter and wherever used in this chapter:

1. The words “*assessed valuation*” shall mean the taxable valuation of the homestead as

fixed by the assessor, or by the board of review, under the provisions of section 441.21, without deducting therefrom the exemptions authorized in section 426A.11.

2. Unless the context otherwise requires, “book”, “list”, “record”, or “schedule” kept by a county auditor, assessor, treasurer, recorder, sheriff, or other county officer means the county system as defined in section 445.1.

3. The word “homestead” shall have the following meaning:

a. The homestead includes the dwelling house which the owner, in good faith, is occupying as a home on July 1 of the year for which the credit is claimed and occupies as a home for at least six months during the calendar year in which the fiscal year begins, except as otherwise provided.

When any person is inducted into active service under the Selective Training and Service Act of the United States or whose voluntary entry into active service results in a credit on the quota of persons required for service under the Selective Training and Service Act, or who, being a member of any component part of the military, naval, or air forces or nurse corps of this state or nation, is called or ordered into active service, such person shall be considered as occupying or living on the homestead during such service and, where equitable or legal title of the homestead is in the spouse of the person who is a member of or is inducted into the armed services of the United States, the spouse shall be considered as occupying or living on the homestead during such service.

When any person is confined in a nursing home, extended-care facility, or hospital, such person shall be considered as occupying or living on a homestead where such person is the owner of such homestead and such person maintains such homestead and does not lease, rent, or otherwise receive profits from other persons for the use thereof.

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

c. It must not embrace more than one dwelling house, but where a homestead has more than one dwelling house situated thereon, the credit provided for in this chapter shall apply to the home and buildings used by the owner, but shall not apply to any other dwelling house and buildings appurtenant.

d. The words “dwelling house” shall embrace any building occupied wholly or in part by the claimant as a home.

4. The word “owner” shall mean the person who holds the fee simple title to the homestead, and in addition shall mean the person occupying as a surviving spouse or the person occupying under a contract of purchase which contract has been recorded in the office of the county recorder of the county in which the property is located; or the person occupying the homestead under devise or by operation of the inheritance laws where the whole interest passes or where the divided interest is shared only by persons related or formerly related to each other by blood, marriage or adoption; or the person occupying the homestead is a shareholder of a family farm corporation that owns the property; or the person occupying the homestead under a deed which conveys a divided interest where the divided interest is shared only by persons related or formerly related to each other by blood, marriage or adoption; or where the person occupying the homestead holds a life estate with the reversion interest held by a nonprofit corporation organized under chapter 504, provided that the holder of the life estate is liable for and pays property tax on the homestead; or where the person occupying the homestead holds an interest in a horizontal property regime under chapter 499B, regardless of whether the underlying land committed to the horizontal property regime is in fee or as a leasehold interest, provided that the holder of the interest in the horizontal property regime is liable for and pays property tax on the homestead; or where the person occupying the homestead is a member of a community land trust as defined in 42 U.S.C. § 12773, regardless of whether the underlying land is in fee or as a leasehold interest, provided that the member of the community land trust is occupying the homestead and is liable for and pays property tax on the homestead. For the purpose of this chapter the word “owner” shall be construed to mean a bona fide owner and not one for the purpose only of availing the person of the benefits of this chapter. In order to qualify for the homestead tax credit, evidence of ownership shall be on file in the office of the clerk of the district court or recorded in the office of the county recorder at the time the owner files

with the assessor a verified statement of the homestead claimed by the owner as provided in section 425.2.

Where not in conflict with the terms of the definitions above set out, the provisions of chapter 561 shall control.

[C39, §6943.152; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.11; 82 Acts, ch 1246, §6, 11]

89 Acts, ch 256, §2; 90 Acts, ch 1087, §2; 90 Acts, ch 1250, §5; 91 Acts, ch 97, §50; 2000 Acts, ch 1148, §1; 2002 Acts, ch 1119, §200, 201; 2004 Acts, ch 1049, §191; 2004 Acts, ch 1175, §393; 2006 Acts, ch 1158, §56, 69

[SP] 2006 amendment to subsection 4 takes effect June 1, 2006, and applies to taxes due and payable in fiscal years beginning on or after July 1, 2006; 2006 Acts, ch 1158, §69

425.12 Indian land.

Each forty acres of land, or fraction thereof, occupied by a member or members of the Sac and Fox Indians in Tama county, which land is held in trust by the secretary of the interior of the United States for said Indians, shall be given a homestead tax credit within the meaning and under the provisions of this chapter. Application for such homestead tax credit shall be made to the county auditor of Tama county and may be made by a representative of the tribal council.

[C39, §6943.153; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.12]

425.13 Conspiracy to defraud.

If any two or more persons conspire and confederate together with fraudulent intent to obtain the credit provided for under the terms of this chapter by making a false deed, or a false contract of purchase, they are guilty of a fraudulent practice.

[C39, §6943.154; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §425.13]

425.14 Repealed by 2001 Acts, ch 154, § 5, 6. See § 425.7.

425.15 Disabled veteran tax credit.

If the owner of a homestead allowed a credit under this chapter is a veteran of any of the military forces of the United States, who acquired the homestead under 38 U.S.C. § 21.801, 21.802, or 38 U.S.C. § 2101, 2102, the credit allowed on the homestead from the homestead credit fund shall be the entire amount of the tax levied on the homestead. The credit allowed shall be continued to the estate of a veteran who is deceased or the surviving spouse and any child, as defined in section 234.1, who are the beneficiaries of a deceased veteran, so long as the surviving spouse remains unmarried. This section is not applicable to the holder of title to any homestead whose annual income, together with that of the titleholder's spouse, if any, for the last preceding twelve-month income tax accounting period exceeds thirty-five thousand dollars. For the purpose of this section "income" means taxable income for federal income tax purposes plus income from securities of state and other political subdivisions exempt from federal income tax. A veteran or a beneficiary of a veteran who elects to secure the credit provided in this section is not eligible for any other real property tax exemption provided by law for veterans of military service. If a veteran acquires a different homestead, the credit allowed under this section may be claimed on the new homestead unless the veteran fails to meet the other requirements of this section.

[C71, 73, 75, 77, 79, 81, §425.15]

90 Acts, ch 1250, §7; 2002 Acts, ch 1151, §16, 36

DIVISION II
PROPERTY TAX CREDIT OR
RENT REIMBURSEMENT FOR
ELDERLY AND DISABLED

425.16 Additional tax credit.

In addition to the homestead tax credit allowed under section 425.1, subsections 1 to 4, persons who own or rent their homesteads and who meet the qualifications provided in this division are eligible for an extraordinary property tax credit or reimbursement.

[C75, 77, 79, 81, §425.16]

425.17 Definitions.

As used in this division, unless the context otherwise requires:

1. “*Base year*” means the calendar year last ending before the claim is filed.

2. “*Claimant*” means either of the following:

a. A person filing a claim for credit or reimbursement under this division who has attained the age of sixty-five years on or before December 31 of the base year or who is totally disabled and was totally disabled on or before December 31 of the base year and is domiciled in this state at the time the claim is filed or at the time of the person’s death in the case of a claim filed by the executor or administrator of the claimant’s estate.

b. A person filing a claim for credit or reimbursement under this division who has attained the age of twenty-three years on or before December 31 of the base year or was a head of household on December 31 of the base year, as defined in the Internal Revenue Code, but has not attained the age or disability status described in paragraph “a”, and is domiciled in this state at the time the claim is filed or at the time of the person’s death in the case of a claim filed by the executor or administrator of the claimant’s estate, and was not claimed as a dependent on any other person’s tax return for the base year.

“*Claimant*” under paragraph “a” or “b” includes a vendee in possession under a contract for deed and may include one or more joint tenants or tenants in common. In the case of a claim for rent constituting property taxes paid, the claimant shall have rented the property during any part of the base year. In the case of a claim for property taxes due, the claimant shall have occupied the property during any part of the fiscal year beginning July 1 of the base year. If a homestead is occupied by two or more persons, and more than one person is able to qualify as a claimant, the persons may each file a claim based upon each person’s income and rent constituting property taxes paid or property taxes due.

3. “*Gross rent*” means rental paid at arm’s length for the right of occupancy of a homestead or manufactured or mobile home, including rent for space occupied by a manufactured or mobile home not to exceed one acre. If the director of revenue determines that the landlord and tenant have not dealt with each other at arm’s length, and the director of revenue is satisfied that the gross rent charged was excessive, the director shall adjust the gross rent to a reasonable amount as determined by the director.

4. “*Homestead*” means the dwelling owned or rented and actually used as a home by the claimant during the period specified in subsection 2, and so much of the land surrounding it including one or more contiguous lots or tracts of land, as is reasonably necessary for use of the dwelling as a home, and may consist of a part of a multidwelling or multipurpose building and a part of the land upon which it is built. It does not include personal property except that a manufactured or mobile home may be a homestead. Any dwelling or a part of a multidwelling or multipurpose building which is exempt from taxation does not qualify as a homestead under this division. However, solely for purposes of claimants living in a property and receiving reimbursement for rent constituting property taxes paid immediately before the property becomes tax exempt, and continuing to live in it after it becomes tax exempt, the property shall continue to be classified as a homestead. A homestead must be located in this state. When a person is confined in a nursing home, extended-care facility, or hospital, the person shall be considered as occupying or living in the person’s homestead if the person

is the owner of the homestead and the person maintains the homestead and does not lease, rent, or otherwise receive profits from other persons for the use of the homestead.

5. “*Household*” means a claimant and the claimant’s spouse if living with the claimant at any time during the base year. “*Living with*” refers to domicile and does not include a temporary visit.

6. “*Household income*” means all income of the claimant and the claimant’s spouse in a household and actual monetary contributions received from any other person living with the claimant during their respective twelve-month income tax accounting periods ending with or during the base year.

7. “*Income*” means the sum of Iowa net income as defined in section 422.7, plus all of the following to the extent not already included in Iowa net income: capital gains, alimony, child support money, cash public assistance and relief, except property tax relief granted under this division, amount of in-kind assistance for housing expenses, the gross amount of any pension or annuity, including but not limited to railroad retirement benefits, payments received under the federal Social Security Act, except child insurance benefits received by a member of the claimant’s household, and all military retirement and veterans’ disability pensions, interest received from the state or federal government or any of its instrumentalities, workers’ compensation and the gross amount of disability income or “loss of time” insurance. “*Income*” does not include gifts from nongovernmental sources, or surplus foods or other relief in kind supplied by a governmental agency. In determining income, net operating losses and net capital losses shall not be considered.

8. “*Property taxes due*” means property taxes including any special assessments, but exclusive of delinquent interest and charges for services, due on a claimant’s homestead in this state, but includes only property taxes for which the claimant is liable and which will actually be paid by the claimant. However, if the claimant is a person whose property taxes have been suspended under sections 427.8 and 427.9, “*property taxes due*” means property taxes including any special assessments, but exclusive of delinquent interest and charges for services, due on a claimant’s homestead in this state, but includes only property taxes for which the claimant is liable and which would have to be paid by the claimant if the payment of the taxes has not been suspended pursuant to sections 427.8 and 427.9. “*Property taxes due*” shall be computed with no deduction for any credit under this division or for any homestead credit allowed under section 425.1. Each claim shall be based upon the taxes due during the fiscal year next following the base year. If a homestead is owned by two or more persons as joint tenants or tenants in common, and one or more persons are not members of claimant’s household, “*property taxes due*” is that part of property taxes due on the homestead which equals the ownership percentage of the claimant and the claimant’s household. The county treasurer shall include with the tax receipt a statement that if the owner of the property is eighteen years of age or over, the person may be eligible for the credit allowed under this division. If a homestead is an integral part of a farm, the claimant may use the total property taxes due for the larger unit. If a homestead is an integral part of a multidwelling or multipurpose building the property taxes due for the purpose of this subsection shall be prorated to reflect the portion which the value of the property that the household occupies as its homestead is to the value of the entire structure. For purposes of this subsection, “*unit*” refers to that parcel of property covered by a single tax statement of which the homestead is a part.

9. “*Rent constituting property taxes paid*” means twenty-three percent of the gross rent actually paid in cash or its equivalent during the base year by the claimant or the claimant’s household solely for the right of occupancy of their homestead in the base year, and which rent constitutes the basis, in the succeeding year, of a claim for reimbursement under this division by the claimant.

10. “*Special assessment*” means an unpaid special assessment certified pursuant to chapter 384, division IV. The claimant may include as a portion of the taxes due during the fiscal year next following the base year an amount equal to the unpaid special assessment installment due, plus interest, during the fiscal year next following the base year.

11. “*Totally disabled*” means the inability to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment which can be

expected to result in death or which has lasted or is reasonably expected to last for a continuous period of not less than twelve months.

[C75, 77, 79, 81, §425.17; 82 Acts, ch 1214, §1, 2, 4]

88 Acts, ch 1139, §2, 3; 89 Acts, ch 233, §1; 90 Acts, ch 1250, §6; 91 Acts, ch 191, §19, 124; 92 Acts, ch 1016, §41; 92 Acts, 2nd Ex, ch 1001, §220, 225; 93 Acts, ch 156, §1, 2; 93 Acts, ch 180, §4, 15, 16, 22, 23; 94 Acts, ch 1125, §1, 2, 5; 94 Acts, ch 1165, §26, 50; 99 Acts, ch 152, §13, 40; 2001 Acts, ch 153, §15; 2001 Acts, ch 176, §80; 2003 Acts, ch 145, §286

425.18 Right to file a claim.

The right to file a claim for reimbursement or credit under this division may be exercised by the claimant or on behalf of a claimant by the claimant's legal guardian, spouse, or attorney, or by the executor or administrator of the claimant's estate. If a claimant dies after having filed a claim for reimbursement for rent constituting property taxes paid, the amount of the reimbursement may be paid to another member of the household as determined by the director. If the claimant was the only member of the household, the reimbursement may be paid to the claimant's executor or administrator, but if neither is appointed and qualified within one year from the date of the filing of the claim, the reimbursement shall escheat to the state. If a claimant dies after having filed a claim for credit for property taxes due, the amount of credit shall be paid as if the claimant had not died.

[C75, 77, 79, 81, §425.18; 82 Acts, ch 1214, §3, 4]

83 Acts, ch 111, §1, 4

425.19 Claim and credit or reimbursement.

Subject to the limitations provided in this division, a claimant may annually claim a credit for property taxes due during the fiscal year next following the base year or claim a reimbursement for rent constituting property taxes paid in the base year. The amount of the credit for property taxes due for a homestead shall be paid on June 15 of each year by the director to the county treasurer who shall credit the money received against the amount of the property taxes due and payable on the homestead of the claimant and the amount of the reimbursement for rent constituting property taxes paid shall be paid to the claimant from the state general fund on or before December 31 of each year.

[C75, 77, 79, 81, §425.19]

83 Acts, ch 172, §4; 99 Acts, ch 152, §14, 40

425.20 Filing dates — affidavit — extension.

A claim for reimbursement for rent constituting property taxes paid shall not be paid or allowed, unless the claim is filed with and in the possession of the department of revenue on or before June 1 of the year following the base year.

A claim for credit for property taxes due shall not be paid or allowed unless the claim is filed with the county treasurer between January 1 and June 1, both dates inclusive, immediately preceding the fiscal year during which the property taxes are due. However, in case of sickness, absence, or other disability of the claimant, or if in the judgment of the county treasurer good cause exists, the county treasurer may extend the time for filing a claim for credit through September 30 of the same calendar year. The county treasurer shall certify to the director of revenue on or before May 1 of each year the total amount of dollars due for claims allowed.

In case of sickness, absence, or other disability of the claimant or if, in the judgment of the director of revenue, good cause exists and the claimant requests an extension, the director may extend the time for filing a claim for reimbursement or credit. However, any further time granted shall not extend beyond December 31 of the year following the year in which the claim was required to be filed. Claims filed as a result of this paragraph shall be filed with the director who shall provide for the reimbursement of the claim to the claimant.

[C75, 77, 79, 81, §425.20; 81 Acts 2nd Ex, ch 4, §1]

83 Acts, ch 111, §2, 4; 88 Acts, ch 1050, §1; 94 Acts, ch 1125, §3, 5; 94 Acts, ch 1165, §27, 50; 96 Acts, ch 1167, §3, 8; 2003 Acts, ch 145, §286

425.21 Satisfaction of outstanding tax liabilities.

The amount of any claim for credit or reimbursement payable under this division may be applied by the department of revenue against any tax liability, delinquent accounts, charges, loans, fees, or other indebtedness due the state or state agency that has a formal agreement with the department for central debt collection, outstanding on the books of the department against the claimant, or against a spouse who was a member of the claimant's household in the base year.

[C75, 77, 79, 81, §425.21]

99 Acts, ch 152, §15, 40; 2001 Acts, ch 24, §51; 2003 Acts, ch 145, §286

425.22 One claimant per household.

Only one claimant per household per year shall be entitled to reimbursement under this division and only one claimant per household per fiscal year shall be entitled to a credit under this division.

[C75, 77, 79, 81, §425.22]

425.23 Schedule for claims for credit or reimbursement.

The amount of any claim for credit or reimbursement filed under this division shall be determined as provided in this section.

1. *a.* The tentative credit or reimbursement for a claimant described in section 425.17, subsection 2, paragraph "a" and paragraph "b" if no appropriation is made to the fund created in section 425.40 shall be determined in accordance with the following schedule:

If the household income is:	Percent of property taxes due or rent constituting property taxes paid allowed as a credit or reimbursement:
\$ 0 — 8,499.99	100%
8,500 — 9,499.99	85
9,500 — 10,499.99	70
10,500 — 12,499.99	50
12,500 — 14,499.99	35
14,500 — 16,499.99	25

b. If moneys have been appropriated to the fund created in section 425.40, the tentative credit or reimbursement for a claimant described in section 425.17, subsection 2, paragraph "b", shall be determined as follows:

(1) If the amount appropriated under section 425.40 plus any supplemental appropriation made for a fiscal year for purposes of this lettered paragraph is at least twenty-seven million dollars, the tentative credit or reimbursement shall be determined in accordance with the following schedule:

If the household income is:	Percent of property taxes due or rent constituting property taxes paid allowed as a credit or reimbursement:
\$ 0 — 8,499.99	100%
8,500 — 9,499.99	85
9,500 — 10,499.99	70
10,500 — 12,499.99	50
12,500 — 14,499.99	35
14,500 — 16,499.99	25

(2) If the amount appropriated under section 425.40 plus any supplemental appropriation made for a fiscal year for purposes of this lettered paragraph is less than twenty-seven million dollars the tentative credit or reimbursement shall be determined in accordance with the following schedule:

If the household income is:		Percent of property taxes due or rent constituting property taxes paid allowed as a credit or reimbursement:
\$ 0 —	8,499.99	50%
8,500 —	9,499.99	42
9,500 —	10,499.99	35
10,500 —	12,499.99	25
12,500 —	14,499.99	17
14,500 —	16,499.99	12

2. The actual credit for property taxes due shall be determined by subtracting from the tentative credit the amount of the homestead credit under section 425.1 which is allowed as a credit against property taxes due in the fiscal year next following the base year by the claimant or any person of the claimant's household. If the subtraction produces a negative amount, there shall be no credit but no refund shall be required. The actual reimbursement for rent constituting property taxes paid shall be equal to the tentative reimbursement.

3. *a.* A person who is eligible to file a claim for credit for property taxes due and who has a household income of eight thousand five hundred dollars or less and who has an unpaid special assessment levied against the homestead may file a claim for a special assessment credit with the county treasurer. The department shall provide to the respective treasurers the forms necessary for the administration of this subsection. The claim shall be filed not later than September 30 of each year. Upon the filing of the claim, interest for late payment shall not accrue against the amount of the unpaid special assessment due and payable. The claim filed by the claimant constitutes a claim for credit of an amount equal to the actual amount due upon the unpaid special assessment, plus interest, payable during the fiscal year for which the claim is filed against the homestead of the claimant. However, where the claimant is an individual described in section 425.17, subsection 2, paragraph "b", and the tentative credit is determined according to the schedule in subsection 1, paragraph "b", subparagraph (2), of this section, the claim filed constitutes a claim for credit of an amount equal to one-half of the actual amount due and payable during the fiscal year. The treasurer shall certify to the director of revenue not later than October 15 of each year the total amount of dollars due for claims allowed. The amount of reimbursement due each county shall be certified by the director of revenue and paid by the director of the department of administrative services by November 15 of each year, drawn upon warrants payable to the respective treasurer. There is appropriated annually from the general fund of the state to the department of revenue an amount sufficient to carry out the provisions of this subsection. The treasurer shall credit any moneys received from the department against the amount of the unpaid special assessment due and payable on the homestead of the claimant.

b. For purposes of this subsection, in computing household income, a person with a total disability shall deduct all medical and necessary care expenses paid during the twelve-month income tax accounting periods used in computing household income which are attributable to the person's total disability. "Medical and necessary care expenses" are those used in computing the federal income tax deduction under section 213 of the Internal Revenue Code as defined in section 422.3.

4. *a.* For the base year beginning in the 1999 calendar year and for each subsequent base year, the dollar amounts set forth in subsections 1 and 3 shall be multiplied by the cumulative adjustment factor for that base year. "Cumulative adjustment factor" means the product of the annual adjustment factor for the 1998 base year and all annual adjustment factors for

subsequent base years. The cumulative adjustment factor applies to the base year beginning in the calendar year for which the latest annual adjustment factor has been determined.

b. The annual adjustment factor for the 1998 base year is one hundred percent. For each subsequent base year, the annual adjustment factor equals the annual inflation factor for the calendar year, in which the base year begins, as computed in section 422.4 for purposes of the individual income tax.

[C71, 73, §425.1(5); C75, 77, 79, 81, §425.23]

83 Acts, ch 172, §5; 83 Acts, ch 189, §3, 5, 6; 84 Acts, ch 1305, §35; 88 Acts, ch 1139, §4; 90 Acts, ch 1250, §8, 9; 91 Acts, ch 267, §524; 92 Acts, ch 1016, §13, 42; 92 Acts, 2nd Ex, ch 1001, §221 – 223, 225; 93 Acts, ch 180, §5, 6, 15, 16, 22, 23; 96 Acts, ch 1129, §93; 96 Acts, ch 1167, §4, 8; 98 Acts, ch 1177, §12 – 14, 16; 2003 Acts, ch 145, §286; 2004 Acts, ch 1101, §49

425.24 Maximum property tax for purpose of credit or reimbursement.

In any case in which property taxes due or rent constituting property taxes paid for any household exceeds one thousand dollars, the amount of property taxes due or rent constituting property taxes paid shall be deemed to have been one thousand dollars for purposes of this division.

[C75, 77, 79, 81, §425.24]

425.25 Administration.

The director of revenue shall make available suitable forms with instructions for claimants. Each assessor and county treasurer shall make available the forms and instructions. The claim shall be in a form as the director may prescribe. The director may also devise a tax credit or reimbursement table, with amounts rounded to the nearest even whole dollar. Reimbursements or credits in the amount of less than one dollar shall not be paid.

[C71, 73, §425.1(5); C75, 77, 79, 81, §425.25]

84 Acts, ch 1190, §1; 2003 Acts, ch 145, §286

425.26 Proof of claim.

Every claimant shall give the department of revenue, in support of the claim reasonable proof of:

1. Age and total disability, if any.
2. Property taxes due or rent constituting property taxes paid, including the name and address of the owner or manager of the property rented and a statement whether the claimant is related by blood, marriage, or adoption to the owner or manager of the property rented.
3. Homestead credit allowed against property taxes due.
4. Changes of homestead.
5. Household membership.
6. Household income.
7. Size and nature of property claimed as the homestead.

The director may require any additional proof necessary to support a claim.

[C71, 73, §425.1(5); C75, 77, 79, 81, §425.26]

83 Acts, ch 111, §3, 4; 85 Acts, ch 67, §44; 94 Acts, ch 1125, §4, 5; 94 Acts, ch 1165, §28; 2003 Acts, ch 145, §286

425.27 Audit — recalculation or denial.

If on the audit of a claim for credit or reimbursement under this division, the director determines the amount of the claim to have been incorrectly calculated or that the claim is not allowable, the director shall recalculate the claim and notify the claimant of the recalculation or denial and the reasons for it. The director shall not adjust a claim after three years from October 31 of the year in which the claim was filed. If the claim for reimbursement has been paid, the amount may be recovered by assessment in the same manner that income taxes are assessed under sections 422.26 and 422.30. If the claim for credit has been paid, the director shall give notification to the claimant and the county treasurer of the recalculation or denial of the claim and the county treasurer shall proceed to collect the tax owed in the same manner as other property taxes due and payable are collected, if the property on which the credit was

granted is still owned by the claimant, and repay the amount to the director upon collection. If the property on which the credit was granted is not owned by the claimant, the amount may be recovered from the claimant by assessment in the same manner that income taxes are assessed under sections 422.26 and 422.30. The recalculation of the claim shall be final unless appealed as provided in section 425.31. Section 422.70 is applicable with respect to this division.

[C75, 77, 79, 81, §425.27]

84 Acts, ch 1190, §2; 88 Acts, ch 1050, §2

425.28 Waiver of confidentiality.

A claimant shall expressly waive any right to confidentiality relating to all income tax information obtainable through the department of revenue, including all information covered by sections 422.20 and 422.72. This waiver shall apply to information available to the county treasurer who shall hold the information confidential except that it may be used as evidence to disallow the credit.

The department of revenue may release information pertaining to a person's eligibility or claim for or receipt of rent reimbursement to an employee of the department of inspections and appeals in the employee's official conduct of an audit or investigation.

[C71, 73, §425.1(5); C75, 77, 79, 81, §425.28]

94 Acts, ch 1165, §29; 99 Acts, ch 139, §1; 2003 Acts, ch 145, §286

425.29 False claim — penalty.

A person who makes a false affidavit for the purpose of obtaining credit or reimbursement provided for in this division or who knowingly receives the credit or reimbursement without being legally entitled to it or makes claim for the credit or reimbursement in more than one county in the state without being legally entitled to it is guilty of a fraudulent practice. The claim for credit or reimbursement shall be disallowed in full and if the claim has been paid the amount shall be recovered in the manner provided in section 425.27. The director of revenue shall send a notice of disallowance of the claim.

[C71, 73, §425.1(5); C75, 77, 79, 81, §425.29]

83 Acts, ch 160, §10; 99 Acts, ch 152, §16, 40; 2003 Acts, ch 145, §286

425.30 Notices.

Section 423.39, subsection 1, shall apply to all notices under this division.

[C75, 77, 79, 81, §425.30]

2003 Acts, 1st Ex, ch 2, §194, 205

425.31 Appeals.

Any person aggrieved by an act or decision of the director of revenue or the department of revenue under this division shall have the same rights of appeal and review as provided in sections 421.1 and 423.38 and the rules of the department of revenue.

[C75, 77, 79, 81, §425.31]

2003 Acts, ch 145, §286; 2003 Acts, 1st Ex, ch 2, §195, 205

425.32 Disallowance of certain claims.

A claim for credit shall be disallowed if the department finds that the claimant or a person of the claimant's household received title to the homestead primarily for the purpose of receiving benefits under this division.

[C75, 77, 79, 81, §425.32]

425.33 Rent increase — request and order for reduction.

If upon petition by a claimant the department of revenue determines that a landlord has increased the claimant's rent primarily because the claimant is eligible for reimbursement under this division, the department of revenue shall request the landlord by mail to reduce the rent appropriately.

In determining whether a landlord has increased a claimant's rent primarily because the

claimant is eligible for reimbursement under this division, the department of revenue shall consider the following factors:

1. The amount of the increase in rent.
2. If the landlord operates other rental property, whether a similar increase was imposed on the other rental property.
3. Increased or decreased costs of materials, supplies, services, and taxes in the area.
4. The time the rent was increased.
5. Other relevant factors in each particular case.

If the landlord fails to comply with the request of the department of revenue within fifteen days after the request is mailed by the department, the department of revenue shall order the rent reduced by an appropriate amount.

[C75, 77, 79, 81, §425.33]

86 Acts, ch 1241, §33; 2003 Acts, ch 145, §286

425.34 Hearings and appeals.

If the department of revenue orders a landlord to reduce rent to a claimant, then upon the request of the landlord the department of revenue shall hold a prompt hearing of the matter, to be conducted in accordance with the rules of the department. The department of revenue shall give notice of the decision by mail to the claimant and to the landlord.

The claimant and the landlord shall have the rights of appeal and review as provided in section 425.31.

[C75, 77, 79, 81, §425.343]

86 Acts, ch 1241, §34; 2003 Acts, ch 145, §286

425.35 Defense to action for nonpayment of rent.

It is an affirmative defense to any action by a landlord based upon nonpayment or partial payment of rent that the landlord increased the rent primarily because the tenant had received, or was eligible for, reimbursement under this division.

[C75, 77, 79, 81, §425.35]

425.36 Discrimination in rentals or rent charges.

Discrimination by a landlord in the rental of or in rent charges for a homestead because the tenant has received or is eligible for reimbursement under this division is a simple misdemeanor.

[C75, 77, 79, 81, §425.36]

425.37 Rules.

The director of revenue shall adopt rules in accordance with chapter 17A for the interpretation and proper administration of this division, including rules to prevent and disallow duplication of benefits and to prevent any unreasonable hardship or advantage to any person.

[C75, 77, 79, 81, §425.37]

2003 Acts, ch 145, §286

425.38 Repealed by 79 Acts, ch 43, § 18.

425.39 Fund created — appropriation — priority.

The elderly and disabled property tax credit and reimbursement fund is created. There is appropriated annually from the general fund of the state to the department of revenue to be credited to the elderly and disabled property tax credit and reimbursement fund, from funds not otherwise appropriated, an amount sufficient to implement this division for claimants described in section 425.17, subsection 2, paragraph “a”.

[C75, 77, 79, 81, §425.39]

86 Acts, ch 1244, §51; 93 Acts, ch 180, §8; 97 Acts, ch 206, §7, 8, 10; 2003 Acts, ch 145, §286

425.40 Low-income fund created.

1. A low-income tax credit and reimbursement fund is created.
2. If the amount appropriated for purposes of this section for a fiscal year is insufficient to pay all claims in full, the director shall pay, in full, all claims to be paid during the fiscal year for reimbursement of rent constituting property taxes paid or if moneys are insufficient to pay all such claims on a pro rata basis. If the amount of claims for credit for property taxes due to be paid during the fiscal year exceed the amount remaining after payment to renters, the director of revenue shall prorate the payments to the counties for the property tax credit. In order for the director to carry out the requirements of this subsection, notwithstanding any provision to the contrary in this division, claims for reimbursement for rent constituting property taxes paid filed before May 1 of the fiscal year shall be eligible to be paid in full during the fiscal year and those claims filed on or after May 1 of the fiscal year shall be eligible to be paid during the following fiscal year and the director is not required to make payments to counties for the property tax credit before June 15 of the fiscal year.

93 Acts, ch 180, §9, 22; 97 Acts, ch 23, §48; 2003 Acts, ch 145, §286