

## CHAPTER 426A

## MILITARY SERVICE TAX CREDIT AND EXEMPTIONS

Referred to in [§25B.7](#), [§331.401](#), [§331.429](#), [§331.608](#)

For requirements relating to state funding of military service property tax credits and exemptions, see [§25B.7](#)

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**426A.1 Definitions.**

As used in [this chapter](#), 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](#).

[2000 Acts, ch 1148, §1](#)

**426A.1A Appropriation.**

There is appropriated from the general fund of the state the amounts necessary to fund the credits provided under [this chapter](#).

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §426A.1]

[88 Acts, ch 1151, §3](#)

C2001, §426A.1A

**426A.2 Military service tax credit.**

The moneys shall be apportioned each year so as to replace all or a portion of the tax which would be due on property eligible for military service tax exemption in the state, if the property were subject to taxation, the amount of the credit to be not more than six dollars and ninety-two cents per thousand dollars of assessed value of property which would be subject to the tax, except for the military service tax exemption.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §426A.2]

[88 Acts, ch 1151, §4](#); [89 Acts, ch 83, §51](#); [99 Acts, ch 180, §23, 24](#)

**426A.3 Computation by auditor.**

On or before August 1 of each year the county auditor shall certify to the county treasurer all claims for military service tax exemptions which have been allowed by the board of supervisors. Such certificate shall list the total amount of dollars, listed by taxing district in the county, due for military service tax credits claimed and allowed. The county treasurer shall forthwith certify to the department of revenue the amount of dollars, listed by taxing district in the county, due for military service tax credits claimed and allowed.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §426A.3]

[2003 Acts, ch 145, §286](#)

Referred to in [§331.512](#), [§331.559](#)

**426A.4 Certification by director of revenue.**

Sums distributable from the general fund of the state shall be allocated annually to the counties of the state. On September 15 annually the director of revenue shall certify and the department of administrative services shall draw warrants to the treasurer of each county

payable from the general fund of the state in the amount claimed. Payments shall be made to the treasurer of each county not later than September 30 of each year.

[C50, 54, §426A.2, 426A.4, 426A.10; C58, 62, 66, 71, 73, 75, 77, 79, 81, §426A.4, 426A.10; 81 Acts, ch 139, §2]

83 Acts, ch 172, §7; 86 Acts, ch 1244, §53; 88 Acts, ch 1151, §5; 2003 Acts, ch 145, §286; 2004 Acts, ch 1101, §54

#### **426A.5 Proportionate shares to districts.**

The amount of credits received under [this chapter](#) shall then be apportioned by each county treasurer to the several taxing districts. Each taxing district shall receive its proportionate share of the military service tax credit allowed on each and every tax exemption allowed in such taxing district, in the proportion that the levy made by such taxing district upon general property bears to the total levy upon all property subject to general property taxation by all taxing districts imposing a general property tax in such taxing district.

[C50, §426A.2, 426A.4; C58, 62, 66, 71, 73, 75, 77, 79, 81, §426A.5]

Referred to in [§331.559](#)

#### **426A.6 Setting aside allowance.**

If the department of revenue determines that a claim for military service tax exemption has been allowed by a board of supervisors which is not justifiable under the law and not substantiated by proper facts, the department 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 the board of supervisors may appeal to the director of revenue within thirty days from the date of the notice of disallowance. The director shall grant a hearing and if, upon the hearing, the director determines that the disallowance was incorrect, the director shall set aside the disallowance. The director shall notify the claimant and the board of supervisors of the result of the hearing. The claimant or the board of supervisors may seek judicial review of the action of the director of revenue in accordance with [chapter 17A](#). If a claim is disallowed by the department of revenue and not appealed to the director of revenue or appealed to the director of revenue and thereafter upheld upon final resolution, including judicial review, the credits allowed and paid from the general fund of the state become a lien upon the property on which the credit was originally granted, if still in the hands of the claimant and not in the hands of a bona fide purchaser, the amount so erroneously paid 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 general fund of the state. The director of revenue may institute legal proceedings against a military service tax exemption claimant for the collection of payments made on disallowed exemptions.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §426A.6; 82 Acts, ch 1246, §7, 11]

88 Acts, ch 1151, §6; 89 Acts, ch 251, §34; 97 Acts, ch 158, §27; 2002 Acts, ch 1151, §17; 2003 Acts, ch 145, §286; 2006 Acts, ch 1010, §107; 2015 Acts, ch 109, §14, 75

Section amended

#### **426A.7 Forms — rules.**

The director of revenue shall prescribe the form for the making of a verified statement and designation of property eligible for military service tax exemption, and the form for the supporting affidavits required herein, and such other forms as may be necessary for the proper administration of [this chapter](#). From time to time as necessary, the department of revenue shall forward to the county auditors of the several counties of the state, such prescribed sample forms. The director of revenue shall have the power and authority to prescribe rules, not inconsistent with the provisions of [this chapter](#), necessary to carry out and effectuate its purposes.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §426A.7]

2003 Acts, ch 145, §286; 2004 Acts, ch 1086, §70

**426A.8 Excess remitted — appeals.**

1. If the amount of credit apportioned to any property eligible for military service tax exemption under [this chapter](#) in any year shall exceed the total tax, exclusive of any special assessments levied against such property eligible for military service tax exemption, then the excess shall be remitted by the county treasurer to the department of revenue to be redeposited in the general fund of the state and reallocated the following year by the department.

2. *a.* If any claim for exemption made has been denied by the board of supervisors, and the action is subsequently reversed on appeal, the same credit shall be allowed on the assessed valuation, not to exceed the amount of the military service tax exemption involved in the appeal, as was allowed on other military service tax exemption valuations for the year or years in question, and the director of revenue, the county auditor, and the county treasurer shall credit and change their books and records accordingly.

*b.* If the appealing taxpayer has paid one or both of the installments of the tax payable in the year or years in question on such military service tax exemption valuation, remittance shall be made to the county treasurer in the amount of such credit.

*c.* The amount of the credit shall be allocated and paid from the surplus redeposited in the general fund of the state provided for in [subsection 1](#).

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §426A.8]

[88 Acts, ch 1151, §7](#); [2003 Acts, ch 145, §286](#); [2013 Acts, ch 30, §96](#); [2014 Acts, ch 1026, §90](#)  
Referred to in [§331.559](#)

**426A.9 Erroneous credits.**

If any claim is allowed, and subsequently reversed on appeal, any credit shall be void, and the amount of the credit shall be charged against the property in question, and the director of revenue, the county auditor, and the county treasurer shall correct their books and records. The amount of the erroneous credit, when collected, shall be returned by the county treasurer to the general fund of the state.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §426A.9]

[88 Acts, ch 1151, §8](#); [2003 Acts, ch 145, §286](#)

Referred to in [§331.559](#)

**426A.10** Repealed by 81 Acts, ch 139, §3.**426A.11 Military service — exemptions.**

The following exemptions from taxation shall be allowed:

1. The property, not to exceed two thousand seven hundred seventy-eight dollars in taxable value, of any veteran, as defined in [section 35.1](#), of World War I.

2. The property, not to exceed one thousand eight hundred fifty-two dollars in taxable value, of an honorably separated, retired, furloughed to a reserve, placed on inactive status, or discharged veteran, as defined in [section 35.1, subsection 2](#), paragraph “a” or “b”.

3. Where the word “veteran” appears in [this chapter](#), it includes without limitation the members of the United States air force, merchant marine, and coast guard.

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 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.

5. For the purpose of determining a military tax exemption under [this section](#), property includes a manufactured or mobile home as defined in [section 435.1](#).

[C97, §1304; S13, SS15, §1304; C24, 27, 31, 35, 39, §6946; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §427.3; [82 Acts, ch 1063, §1](#)]

[83 Acts, ch 101, §87](#); [84 Acts, ch 1219, §32](#); [88 Acts, ch 1151, §9, 10](#); [88 Acts, ch 1243, §10](#); [89 Acts, ch 296, §45](#); [91 Acts, ch 199, §5](#); [94 Acts, ch 1173, §35](#); [99 Acts, ch 151, §88, 89](#); [99 Acts, ch 180, §18](#)

CS99, §426A.11

2001 Acts, ch 153, §15; 2001 Acts, ch 176, §80; 2002 Acts, ch 1151, §18; 2005 Acts, ch 115, §32, 40, 41; 2006 Acts, ch 1111, §1, 3; 2009 Acts, ch 164, §3, 7; 2013 Acts, ch 30, §97; 2013 Acts, ch 140, §66; 2014 Acts, ch 1026, §91

Referred to in §331.512, §331.608, §420.207, §425.11, §426A.12, §426A.13, §426A.15, §435.26

#### 426A.12 Exemptions to relatives.

1. In case any person in the foregoing classifications does not claim the exemption from taxation, it shall be allowed in the name of the person to the same extent on the property of any one of the following persons in the order named:

a. The spouse, or surviving spouse remaining unmarried, of a veteran, as defined in [this chapter](#) or in [section 35.1, subsection 2](#), paragraph “a” or “b”, where they are living together or were living together at the time of the death of the veteran.

b. The parent whose spouse is deceased and who remains unmarried, of a veteran, as defined in [this chapter](#) or in [section 35.1, subsection 2](#), paragraph “a” or “b”, whether living or deceased, where the parent is, or was at the time of death of the veteran, dependent on the veteran for support.

c. The minor child, or children owning property as tenants in common, of a deceased veteran, as defined in [this chapter](#) or in [section 35.1, subsection 2](#), paragraph “a” or “b”.

2. No more than one tax exemption shall be allowed under [this section](#) or [section 426A.11](#) in the name of a veteran, as defined in [this chapter](#) or in [section 35.1, subsection 2](#), paragraph “a” or “b”.

[C97, §1304; S13, SS15, §1304; C24, 27, 31, 35, 39, §6946; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §427.4]

99 Acts, ch 151, §88, 89; 99 Acts, ch 180, §19

CS99, §426A.12

2005 Acts, ch 115, §33, 40, 41; 2009 Acts, ch 164, §4, 7

Referred to in §331.512, §420.207, §426A.15

#### 426A.13 Claim for military tax exemption — discharge recorded.

1. A person named in [section 426A.11](#), who is a resident of and domiciled in the state of Iowa, shall receive a reduction equal to the exemption, to be made from any property owned by the person or owned by a family farm corporation of which the person is a shareholder and occupant of the property and so designated by proceeding as provided in the section. To be eligible to receive the exemption, the person claiming it shall have recorded in the office of the county recorder of the county in which is located the property designated for the exemption, evidence of property ownership by that person or the family farm corporation of which the person is a shareholder and the military certificate of satisfactory service, order transferring to inactive status, reserve, retirement, order of separation from service, honorable discharge or a copy of any of these documents of the person claiming or through whom is claimed the exemption. In the case of a person claiming the exemption as a veteran described in [section 35.1, subsection 2](#), paragraph “b”, subparagraph (6) or (7), the person shall file the statement required by [section 35.2](#).

2. The person shall file with the appropriate assessor on forms obtained from the assessor the claim for exemption for the year for which the person is first claiming the exemption. The claim shall be filed not later than July 1 of the year for which the person is claiming the exemption. The claim shall set out the fact that the person is a resident of and domiciled in the state of Iowa, and a person within the terms of [section 426A.11](#), and shall give the volume and page on which the certificate of satisfactory service, order of separation, retirement, furlough to reserve, inactive status, or honorable discharge or certified copy thereof is recorded in the office of the county recorder, and may include the designation of the property from which the exemption is to be made, and shall further state that the claimant is the equitable or legal owner of the property designated or if the property is owned by a family farm corporation, that the person is a shareholder of that corporation and that the person occupies the property. In the case of a person claiming the exemption as a veteran described in [section 35.1, subsection](#)

2, paragraph “b”, subparagraph (6) or (7), the person shall file the statement required by [section 35.2](#).

3. Upon the filing and allowance of the claim, the claim shall be allowed to that person for successive years without further filing. Provided, that notwithstanding the filing or having on file a claim for exemption, the person or person’s spouse is the legal or equitable owner of the property on July 1 of the year for which the claim is allowed. When the property is sold or transferred or the person wishes to designate different property for the exemption, a person who wishes to receive the exemption shall refile for the exemption. A person who sells or transfers property which is designated for the exemption or the personal representative of a deceased person who owned such property shall provide written notice to the assessor that the property is no longer legally or equitably owned by the former claimant.

4. In case the owner of the property is in active service in any of the armed forces of the United States or of this state, including the nurses corps of the state or of the United States, or is sixty-five years of age or older, or is disabled, the claim may be filed 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. In all cases where the owner of the property is married, the spouse may file the claim for exemption. A person may not claim an exemption in more than one county of the state, and if a designation is not made the exemption shall apply to the homestead, if any.

[C24, 27, 31, 35, 39, §6947; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §427.5; [82 Acts, ch 1246, §8, 11](#)]

[84 Acts, ch 1221, §2](#); [87 Acts, ch 198, §3](#); [89 Acts, ch 296, §46](#); [97 Acts, ch 158, §31](#); [97 Acts, ch 206, §9](#); [99 Acts, ch 151, §88, 89](#)

CS99, §426A.13

[2005 Acts, ch 115, §34, 40, 41](#); [2006 Acts, ch 1010, §108](#); [2015 Acts, ch 29, §114](#)

Referred to in [§331.512](#), [§420.207](#), [§426A.15](#)

Code editor directive applied

#### **426A.14 Allowance — continuing effectiveness.**

1. The assessor shall retain a permanent file of current military service tax exemption 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, from the person who sold or transferred the property, or from the personal representative of a deceased claimant.

2. 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.

3. Not later than July 6 of each year, the assessor shall remit the claims and designations of property 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.

4. 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 exemption. The board is not required to send notice that a claim is disallowed if the claimant voluntarily withdraws the claim.

5. Any person whose claim is denied under the provisions of [this chapter](#) may appeal from the action of the board of supervisors in the district court of the county in which said claimed military service tax exemption 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.

6. 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 a military service tax exemption. The person may complete the form, which shall include a statement claiming the military service tax exemption and designating the property upon which the tax exemption

is claimed, and mail or return it to the appropriate assessor. The signature of the claimant on the claim 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.

[SS15, §1304-1A; C24, 27, 31, 35, 39, §6948; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §427.6; 82 Acts, ch 1246, §9, 11]

86 Acts, ch 1241, §36; 94 Acts, ch 1144, §2; 99 Acts, ch 151, §88, 89

CS99, §426A.14

2015 Acts, ch 29, §114

Referred to in §331.401, §331.512, §420.207, §426A.15

Code editor directive applied

#### **426A.15 Penalty.**

Any person making a false affidavit for the purpose of obtaining the exemption provided for in sections 426A.11 to 426A.14 or who knowingly receives such exemption without being legally entitled thereto, or who makes claim for exemption in more than one county in the state shall be guilty of a fraudulent practice.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §427.7]

99 Acts, ch 151, §88, 89

CS99, §426A.15

Referred to in §420.207