



**SF 100** – Senior/Disabled Low-Income Property Tax Cap (LSB1577XS)  
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 Fiscal Note Version – New

**Description**

**Senate File 100** creates a new Homestead Adjustment Tax Credit available to homeowners aged 65 and over and/or disabled, with an annual household income of not more than \$30,000. The credit is equal to the difference between the net property tax due on the home for the tax credit year (prior to the new credit) and the amount of net tax due on the property the prior year. Net property tax due is the gross amount of property tax, minus any property tax credits. The credit is financed through a new standing unlimited appropriation from the State General Fund.

The property tax credit is first available for assessment year 2019 and claims filed on or after January 1, 2020. The tax credit and General Fund appropriation will first impact FY 2021 (property taxes paid in the fall of 2020 and the spring of 2021).

**Assumptions**

- The number of eligible residential properties will be 95,203 in AY 2019.
- The combination of properties becoming newly eligible and formerly eligible properties becoming ineligible will add 354 net eligible properties each year.
- The assessed value of eligible properties will average \$115,083 for AY 2019 and will increase by the annual revaluation increases contained in **Table 1**.
- The residential rollback (the percent of a property’s assessed value that is subject to property tax) will equal the values contained in **Table 1**.
- The average residential property tax rate for FY 2019 is \$34.62 per \$1,000 of taxable value, and that tax rate will remain constant in future years.

	Residential Property Revaluation Increases	Residential Rollback
AY 2019	5.25%	55.7013%
AY 2020	0.60%	57.0301%
AY 2021	4.75%	56.0773%
AY 2022	0.60%	57.4152%

### **Fiscal Impact**

The new tax credit is projected to reduce property taxes owed by qualified older and disabled homeowners and increase State General Fund expenditures by the following amounts:

- FY 2021 = \$6.5 million
- FY 2022 = \$12.8 million
- FY 2023 = \$19.1 million
- FY 2024 = \$25.3 million

The property tax reduction and the cost to the State General Fund will continue to grow in years beyond FY 2024, driven mainly by the projected annual increase in home values of qualified homeowners.

Implementing the new tax credit will necessitate changes to forms, computer reprogramming, and staff costs for the Department of Revenue, as well as local assessors and treasurers.

### **Sources**

Department of Revenue  
U.S. Census Bureau  
Department of Management  
Moody's Analytics  
Legislative Services Agency analysis

/s/ Holly M. Lyons

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February 18, 2019

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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