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**SF 219** – Elderly/Disabled Property Tax and Rent Reimbursement (LSB2397XS)  
Staff Contact: Jeff Robinson (515.281.4614) [jeff.robinson@legis.iowa.gov](mailto:jeff.robinson@legis.iowa.gov)  
Fiscal Note Version – New

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**Description**

**Senate File 219** increases the property tax credit or rent reimbursement available for low-income elderly and/or disabled persons from the current maximum of \$1,000 to \$2,000. The change is exempted from the provisions of Iowa Code section [25B.7](#) (requiring full State funding of property tax credit and exemption changes). The increase applies to property tax credit or rent reimbursement claims filed on or after January 1, 2022.

**Background**

The property tax credit or reimbursement for rent constituting property taxes paid is available to claimants with income below a specified amount. For 2021, the maximum \$1,000 annual credit or reimbursement is available to claimants with income of less than \$12,470. Claimants with higher household income receive a designated percentage of the maximum. For 2021, the credit or reimbursement is not available to individuals with household income of \$24,206 or higher. The household income brackets are indexed each year for inflation.

Household income means all income of the claimant and the claimant's spouse and actual monetary contributions received from any other person living with the claimant during the claimant's respective 12-month income tax accounting period. Rent constituting property taxes paid is defined as 23.0% of the gross rent actually paid by the claimant. Income means Iowa net income as defined in Iowa Code 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 Iowa Code chapter [425](#), division II.
- 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.
- 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.

The program is financed through a standing unlimited State General Fund appropriation. The appropriation amounts for the past five years are:

- FY 2015 = \$24.3 million
- FY 2016 = \$24.7 million
- FY 2017 = \$23.1 million
- FY 2018 = \$20.7 million
- FY 2019 = \$19.5 million
- FY 2020 = \$18.3 million

### **Assumptions**

- Between FY 2015 and FY 2020, the amount claimed decreased at an average annual rate of 5.5% per year. The same rate of decrease in claims is assumed through FY 2027.
- The Department of Revenue estimates that the increase in the maximum credit or rent reimbursement to \$2,000 will result in a 56.0% increase in the total amount projected to be claimed under current law.
- The change applies to claims filed on or after January 1, 2022. Claims filed on or after that date will apply to assessment year 2021 property tax and rent payments and FY 2023 taxes owed.
- The General Fund appropriation is assumed to remain unlimited and will therefore cover the entire increase in qualified claims.

### **Fiscal Impact**

The increase in the property tax credit and rent reimbursement maximum level to \$2,000 is projected to increase the standing unlimited appropriation for the program by the following amounts:

- FY 2023 = \$8.6 million
- FY 2024 = \$8.2 million
- FY 2025 = \$7.7 million
- FY 2026 = \$7.3 million
- FY 2027 = \$6.9 million

The increase in the General Fund appropriation is projected to continue in future fiscal years at a similar level to FY 2027.

### **Sources**

State accounting system  
Department of Revenue

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/s/ Holly M. Lyons

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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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