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**HF 2029** – Military Property Tax Exemption for Active Duty (LSB5118YH)  
Analyst: 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**

[House File 2029](#) allows active duty military personnel residing in Iowa to claim an existing [Military Service Property Tax Exemption](#). The change applies to property taxes due and payable in FY 2020 and after. Under current law, the Military Service Property Tax Exemption may be claimed only by a qualified military veteran or, under specified circumstances, a member of a qualified veteran's family. The taxable value of the exemption is \$1,852.

Iowa Code section [25B.7](#) provides that the cost of providing new property tax credits and exemptions shall be fully funded by the State and that local political subdivisions must extend only that portion of any credit or exemption for which State funds are appropriated. However, in the case of the Military Service Property Tax Exemption, the State's obligation is limited by law to \$6.92 per \$1,000 of taxed property value. The Bill would not alter this limitation nor change local political subdivisions' obligation to extend the remainder of the tax exemption.

**Assumptions**

- The number of active duty military personnel living in Iowa and owning a home is estimated at 980, and the number is assumed to be constant going forward.
- The statewide average residential property tax rate for FY 2018 is \$34.75 per \$1,000 of taxed value, and this rate is assumed to remain constant going forward.
- Through the school aid formula, the State General Fund replaces \$5.40 per \$1,000 of reduced taxed property value that is the result of new and expanded property tax exemptions.
- Through a standing unlimited appropriation, the State General Fund replaces \$6.92 per \$1,000 of reduced taxed property value that is the result of expanding the existing Military Service Property Tax Exemption.

**Fiscal Impact**

Extending the existing Military Service Property Tax Exemption to include active duty military personnel increases two State General Fund appropriations by a combined \$22,000, and reduces local government revenue by \$41,000. All impacts are annual, beginning FY 2020.

**Sources**

Iowa Department of Revenue  
U.S. Census Bureau  
Iowa Department of Management Property Tax Files

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/s/ Holly M. Lyons

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