

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2227 - Disabled Veterans' Property Taxes (LSB 5988 XS)
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Fiscal Note Version - New
Requested by Senator Jeff Danielson

Description

Senate File 2227 provides a credit so that the property taxes on a disabled veteran's homestead do not increase from year to year.

Assumptions

1. There are 21,400 disabled veterans in Iowa.
2. The average 2005 assessed value of a house in Iowa was \$104,319. Between 1990 and 2005, the average annual growth rate for assessed values has been 6.7%.
3. The 2005 residential rollback percentage is 45.9960%. Between 1989 and 2005, the rollback has had an estimated rate of change of -6.8% in odd years and 0.2% in even years.
4. The Homestead Tax Credit excludes the first \$4,850 of taxable value.
5. The median household income for Iowa is \$41,350.
6. Iowans with household incomes between \$35,000 and \$50,000 have an estimated 71.8% homeownership rate.
7. An estimated 15,368 disabled veterans are homeowners and will qualify for the new credit.
8. The FY 2006 consolidated tax rate is \$33.46. Between FY 1990 and FY 2006, the average annual growth rate for the consolidated tax rate has been 1.6%.
9. These projections deal with the current group of disabled veterans. No attempt was made to adjust for the death rate for disabled veterans or for the addition of new disabled veterans.

Fiscal Impact

The cost to the State General Fund for the Homestead Tax Credit standing unlimited appropriation is an estimated \$1.0 million in FY 2007 and \$3.1 million in FY 2008. The credit grows proportionately to the increase in taxable valuation and the consolidated tax rate and is projected to cost \$6.0 million in FY 2011.

Sources

Department of Public Defense
U. S. Census
Iowa Finance Authority: 2003 Housing Study
Department of Management
Department of Revenue

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
