

# Budget Unit Brief

## FY 2017



## Military Service Tax Exemption

### Description

A Military Service Property Tax Exemption was established in 1886. Iowa Code section [426A.11](#) provides a property tax exemption of \$1,852 of assessed property valuation for veterans with active or reserve duty service in the armed forces. For veterans of World War I, the exemption is \$2,778 of assessed property valuation.

Periods of "active duty" and length of reserve service are specified by statute. On average, a veteran's property taxes are reduced by approximately \$65 at current property tax rates. Local governments are partially reimbursed by the state for providing the Military Service Property Tax Exemption up to the amount the local government would have collected had a consolidated levy rate been no greater than \$6.92 per \$1,000 of assessed value.

For purposes of the Military Service Property Tax Exemption, "veteran" means a resident of Iowa who served in the United States armed forces for a minimum of 18 months and was honorably discharged. A veteran is also an Iowa resident who served in the armed services for less than 18 months and was honorably discharged due to a service-related injury. Iowa Code section [35.1](#) identifies a veteran by participation in specific wars and conflicts.

### Funding

The Military Service Tax Exemption is funded with a standing unlimited General Fund appropriation established in Iowa Code section [426A.2](#). The annual appropriation amount is approximately \$2.4 million, which reimburses local governments for the exemption.

### Related Statutes

Iowa Code chapter [426A](#)  
[701](#) Iowa Administrative Code chapter [80](#)

Revised August 22, 2016

### More Information

Department of Revenue: <http://www.iowa.gov/tax/taxlaw/PropertyTaxCredits.html>

Iowa General Assembly: <https://www.legis.iowa.gov/>

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