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## BUDGET UNIT BRIEF – FY 2018

Fiscal Services Division

December 18, 2017



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## Elderly and Disabled Tax Credit

### Description

The Elderly and Disabled Property Tax Credit and Rent Reimbursement provides some monetary relief to low-income elderly persons and low-income persons with disabilities. These provisions were added to the Homestead Tax Credit Law in 1974. The original intention was to extend the credit to all low-income homeowners (beginning in 1994) and to extend it in the form of reimbursement payments to all low-income renters (beginning in 1995), but funds have never been appropriated to extend the credit to all low-income homeowners and renters. Only low-income elderly individuals or low-income disabled individuals receive the credit.

To be eligible for the Elderly and Disabled Property Tax Credit and Rent Reimbursement, the taxpayer must be 65 or older or totally disabled and have a household income of less than \$16,500. To be eligible for the low-income rent reimbursement or low-income property tax credit, a claimant must be at least 23 years of age or the head of household with an income less than \$16,500. If a person qualifies by age or disability status for the elderly and disabled credit or reimbursement, then that person is not eligible for the low-income tax credit extension.

A rent reimbursement claimant who lives in Iowa and pays rent during any portion of the base year (the calendar year preceding the year the claim is filed) qualifies for reimbursement for rent paid as property taxes. "Rent constituting property taxes paid" means 23.0% of the gross rent actually paid during the base year solely for the right to occupy the homestead.

A person must have a property tax liability for the fiscal year following the year he or she became qualified for the property tax credit to receive the tax reduction.

Beginning in calendar year 2000, the \$16,500 income limitation has been annually adjusted for inflation. For both the credit and the rent reimbursement, "household" was redefined to include only the claimant and the claimant's spouse when living together. Each eligible household member living in the same residence (excluding a husband and wife) may file a separate claim for rent reimbursement or property tax credit based on the proportion of the household member's individual income paid for rent or portion of the property taxes due.

Property tax credit claims must be filed with the county treasurer by June 1 of the year before the property taxes are due. Rent reimbursement claims must be filed with the Department of Revenue by June 1 of the year following the rent payment.

### Funding

The Elderly and Disabled Property Tax Credit and Rent Reimbursement is funded with a standing unlimited General Fund appropriation established in Iowa Code section 425.39. The annual appropriation

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### More Information

Property Tax Credits, Department of Revenue: [tax.iowa.gov/property-tax-credits-and-exemptions](http://tax.iowa.gov/property-tax-credits-and-exemptions)  
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amount is approximately \$25.0 million, which reimburses local governments for the tax credit.

**Related Statutes and Administrative Rules**

Iowa Code chapter [425](#)

Iowa Administrative Code [701—80](#)