

TAXATION STUDY COMMITTEE

Report to the Legislative Council
and the Members of the
First Session of the Sixty-fifth General Assembly

F I N A L R E P O R T
TAXATION STUDY COMMITTEE

At its April, 1972 meeting, the Legislative Council approved the creation of a Taxation Study Committee pursuant to House Concurrent Resolution 107 with a reporting date of January 1, 1973. The recommendation approved by the Legislative Council also provided for the dissolution of the Tax Assessments Subcommittee of the Standing Committees on Ways and Means and the Local Governments Finance Study Committee and the assignment of the subject matter of these two committees to the Taxation Study Committee. The Legislative Council also assigned the study recommended by House Concurrent Resolution 127 to the Taxation Study Committee. The responsibility of the Taxation Study Committee is to conduct the following studies:

1. The assessment of utility, industrial, and commercial property for tax purposes.

2. A study of the tax structure as it relates to local taxing bodies and to recommend methods of implementing tax reform measures which will effectively reduce emphasis on real and personal property taxes.

3. A study of methods of providing financial assistance to local government agencies for providing area-wide services.

4. A study of property tax exemptions granted by law.

The following members of the General Assembly were appointed to the Study Committee:

Senator Wilson L. Davis
Senator Alden J. Erskine
Senator G. William Gross
Senator Wayne D. Keith
Senator Ralph W. Potter
Senator Roger J. Shaff
Senator Richard L. Stephens
Senator Bass Van Gilst
Representative Don D. Alt
Representative Warren E. Curtis
Representative Elmer H. Den Herder
Representative Donald V. Doyle
Representative Sonja Egenes
Representative Emil J. Husak
Representative James I. Middleswart
Representative Floyd H. Millen
Representative Norman Roorda

Representative Norman Roorda was appointed to the Study Committee by the Legislative Council at its meeting of July 12, 1972, upon recommendation of the Taxation Study Committee.

At its meeting of June 2, 1972, the Taxation Study Committee elected Senator Roger J. Shaff as Chairman and Representative Elmer H. Den Herder as Vice Chairman.

In reviewing the resolutions under which the Study Committee was approved and the discussions of the Legislative Council relative to the creation of the Study Committee, the members of the Taxation Study Committee agreed to review the following areas of taxation:

1. Tax Assessment Procedures
2. Public Utility Taxation
3. Property Tax Exemptions
4. Aid to Local Government
5. Personal Property Taxes
6. Property Tax Relief for the Elderly
7. Financing Public Education

TAX ASSESSMENT PROCEDURES

The Taxation Study Committee requested county and city assessors to appear before the Study Committee and submit their recommendations regarding the assessment and valuation of property.

The assessors recommended that the present law be amended to provide free copies of the Code to city assessors as well as county assessors. The Taxation Study Committee approved this recommendation and requested that the Legislative Service Bureau draft a bill to implement this recommendation. A copy of the bill as approved by the Study Committee is attached and by this reference made a part of this report.

The assessors recommended that section 244.8 of the Code be repealed which requires assessors to conduct an annual census of all children of deceased soldiers who served in the armed forces of the United States. The responsibility of conducting the census has been neglected by the assessors in the past and it appears that this census can be conducted by the Department of Public Instruction and local school districts when the annual school census is taken. The Taxation Study Committee approved this recommendation and requested that the Legislative Service Bureau draft a bill to implement this recommendation. A copy of the bill as approved by the Study Committee is attached and by this reference made a part of this report.

The assessors recommended that three changes be made to section 441.21 of the Code which outlines the method of valuing and assessing property for tax purposes. The assessors recommended that section 441.21, subsection 1, unnumbered paragraph 2, be

amended to provide that the sales price of an individual property shall not be used in judgment of value upon itself but may be considered along with comparable property sales if the sale of the individual property is a bona fide sale. The assessors argued that this language is necessary to clarify the present law and to indicate that assessors are to use standard and recognized appraisal methods in determining the market value of property.

The assessors further recommended that section 441.21, subsection 1, unnumbered paragraph 8, be amended to clarify the present law to clearly indicate that if the market value of property cannot be determined on the basis of sales, then the assessor may determine the value of the property using uniform and recognized appraisal methods.

The assessors' third recommendation regarding amendment to section 441.21 of the Code relates to the burden of proof upon the complainant attacking the valuation of property as determined by the assessor. The present law requires the complainant to offer competent evidence of at least two disinterested witnesses. The assessors argued that the Code does not require that the witnesses be qualified in appraising the value of property and that a complainant could have a person testify with regard to the value of property. The assessors also argued that the courts have not allowed assessors the right to challenge the qualifications of a witness noting that the law only requires that the witnesses be disinterested.

These recommendations were approved by the Taxation Study Committee and a copy of the bill as approved by the Study Committee is attached and by this reference made a part of the report.

The Taxation Study Committee reviewed the provision of Senate File 1096, Acts of the Sixty-fourth General Assembly, Second Session, which provides that each county and city assessor shall determine the assessment value that would be assigned to the property if it were taxable and value all tax exempt property within his jurisdiction, to list tax exempt property with a description of the property, the name of the owner, the market value of the property, the assessed value of the property, and to file a report annually with the Director of Revenue. The law is too broad in scope because it will require local assessors to list all public buildings, roads, and other improvements. The Study Committee requested that the assessors and the Director of Revenue submit a draft of a proposal to substitute for the new law and that such draft shall be designed to accomplish the purposes intended by the General Assembly in adopting the proposal. The purpose of the provision as found in Senate File 1096 is to accumulate accurate data regarding the extent of exempt property in this state.

The Taxation Study Committee also reviewed the special provisions relating to the taxation of forest and fruit tree reservations. Pursuant to the provisions of section 441.22 of the Code, forest and fruit tree reservations are assessed on a taxable value of four dollars per acre. The assessors recommended that this provision be repealed. The Taxation Study Committee agreed that this

provision should be changed. The Study Committee is interested in encouraging persons to continue reforestation projects but at the same time discouraging and preventing persons from acquiring this type of property for speculative purposes in and around urban and industrial areas. The Study Committee recommends that the law be changed to provide for the valuation of forest and fruit tree reservations at thirteen and one-half percent assessed value and further providing for the assessor to rollback the valuation for two years if the use of the property is changed. The Legislative Service Bureau is in the process of drafting the recommendation of the Taxation Study Committee at this time.

PUBLIC UTILITY TAXATION

The Taxation Study Committee discussed the possibility of changing the method of taxing public utility property and more fairly distributing the tax receipts to all areas of the state. The area in which a power generating facility is located becomes the recipient of all taxes levied upon the generating facility and other taxing bodies in which the energy produced by the generating facility is used receives no taxes from the facility. The law differs from the provisions of Iowa's laws relating to the distribution of tax receipts from other centrally assessed public utilities such as railroads and telephone companies. The Study Committee reviewed House File 1146 and House File 1277 which provide a method for allocating the value of electric power generating plants for tax purposes on power generating facilities constructed after January 1, 1972. These two bills provided that each taxing district will be allocated a share of the assessment value based upon the value of the operating property of the owner of the electric generating plant which is located within a taxing district.

It was suggested that it might be feasible to exempt public utility property from taxation and to impose an excise tax on energy used to be paid by the user when he pays his utility bill. In this manner, the taxes collected would remain in the locale in which the energy was used. Senator Roger J. Shaff, Chairman of the Taxation Study Committee, appointed Senator Ralph W. Potter, Representative Don D. Alt, and Representative Floyd H. Millen to conduct further study of the proposal.

The Subcommittee submitted an oral report to the Study Committee at its meeting on December 8, 1972. The Subcommittee recommends that the Legislative Council appoint a study committee during the next interim, composed of members of the General Assembly, persons knowledgeable in the operations of public utilities, and persons representing the public interest, to conduct a study of public utility taxation and methods of providing for a more equitable distribution of tax revenues to all users of electrical energy.

The Taxation Study Committee unanimously approved the Subcommittee recommendation.

PROPERTY TAX EXEMPTIONS

The Taxation Study Committee discussed the possibility of submitting each section of House File 1197, introduced in the Sixty-fourth General Assembly, Second Session, as a separate bill for consideration on its individual merits. The Study Committee also discussed the need for a voluntary "In Lieu of Tax".

The Taxation Study Committee recommends that the General Assembly study the feasibility of implementing enabling legislation to permit counties and cities and towns to send "In Lieu of Tax" statements to all tax exempt organizations, the exact formula to be determined by the General Assembly, requesting voluntary contributions to be made by tax exempt organizations for services rendered to the tax exempt organizations by local governmental units.

AID TO LOCAL GOVERNMENTS

The Taxation Study Committee agreed that federal revenue sharing will be very helpful in aiding local governmental units in solving their financial problems.

PERSONAL PROPERTY TAXATION

The Taxation Study Committee recommends that the personal property tax be repealed because of its adverse affect upon Iowa business. The tax is inequitable between different types of retail businesses. The tax is burdensome upon a large implement dealer who has a large inventory and turns it over once a year, while the tax does not adversely affect a grocery store with a large inventory which turns over many times annually. The tax may be encouraging cattle feeders to move their businesses to other states. It is for these reasons that the Study Committee recommends the repeal of the personal property tax.

The Taxation Study Committee further recommends that a business activities tax similar to that imposed in Michigan from 1954 to 1967. The Michigan Business Activities Tax is basically a value-added tax imposing a tax on the difference between total gross business receipts and costs of purchases from other businesses. The tax rate will be adjusted to allow the collection of enough revenue to replace revenues lost by the repeal of the personal property tax. The proposal may include an exemption of a specified amount. For example, Michigan exempted the first \$30,000 from the business activities tax thereby allowing more farms and many small businesses to escape the tax.

The Taxation Study Committee also recommends that the proposal include a provision to allow the personal property replacement to counties to increase annually on the basis of the annual increase of the real property tax base.

The Taxation Study Committee has directed the Legislative Service Bureau to begin drafting a bill for submission to the Sixty-fifth General Assembly, First Session.

PROPERTY TAX RELIEF FOR THE ELDERLY

The Taxation Study Committee recommends that the General Assembly adopt the "Vermont Plan" for providing property tax relief for the elderly. The bill also provides this relief for persons who are totally disabled and widows fifty-five years of age or over. The property tax liability for the homestead of any person qualifying for credit under this proposal will be limited to seven percent of the person's annual income from all sources. Any excess of property taxes paid which exceeds seven percent of the person's annual income shall be refunded to the taxpayer from the general fund of the state as a credit on the person's income tax liability as a credit or a rebate if no taxes are owed. Twenty percent of rent paid by persons qualifying for the property tax relief shall be considered property taxes for the purposes of the credit. The proposal repeals the double homestead exemption. A copy of the bill as recommended by the Taxation Study Committee is attached and by this reference made a part of this report.

FINANCING PUBLIC EDUCATION

The Taxation Study Committee agreed that financing public education does affect the state revenues and taxes. It recognized that the responsibility for studying the Serrano and Rodriguez decisions was assigned by the Legislative Council to the School Systems and Standards Study Committee. Senator Davis and Senator Stephens were appointed by Senator Shaff as liaison members with the School Systems and Standards Study Committee in order to keep the Taxation Study Committee informed of any changes which might be proposed to the foundation program and which would require additional revenue for funding public education.

BILL NO. 1
TENTATIVE DRAFT I
Prepared by the Legislative
Service Bureau for the use
of the Taxation Study Com-
mittee for discussion pur-
poses only.
September 14, 1972

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act to provide copies of the Iowa code to city assessors
2 without cost.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4 Section 1. Section sixteen point twenty-four (16.24),
5 subsection sixteen (16), Code 1973, is amended to read as
6 follows:

7 16. To the clerk of the district court, the county attor-
8 ney, the county auditor, the county recorder, county and city
9 assessor, the county treasurer, the sheriff, and the county
10 superintendent of each county in the state, to the clerk of
11 each superior or municipal court in the state, and also for
12 use in each court room of the district, superior, or municipal
13 court 1 copy

EXPLANATION

15 Under the present law, the superintendent of printing is
16 required to furnish a copy of the Iowa Code to county asses-
17 sors, while city assessors are required to purchase the Code.
18 This bill provides that a free copy of the Iowa Code will
19 be provided to all assessors, city and county.

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BILL NO. 2
TENTATIVE DRAFT I
Prepared by the Legislative
Service Bureau for the use
of the Taxation Study Com-
mittee for discussion pur-
poses only.
September 14, 1972

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the census of children of deceased soldiers.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
3 Section 1. Section two hundred forty-four point eight
4 (244.8), Code 1973, is repealed.

EXPLANATION

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6 This bill repeals the law requiring assessors to conduct a
7 census of all children of deceased soldiers who served in the
8 armed forces of the United States.

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BILL NO. 3
TENTATIVE DRAFT III
Prepared by the Legislative
Service Bureau for the use
of the Taxation Study Com-
mittee for discussion pur-
poses only.
December 7, 1972

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the valuation of property.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

3 Section 1. Section four hundred forty-one point twenty-
4 one (441.21), subsection one (1), Code 1973, is amended to
5 read as follows:

6 441.21 ACTUAL, ASSESSED, AND TAXABLE VALUE.

7 1. All real and tangible personal property subject to
8 taxation shall be valued at its actual value which shall be
9 entered opposite each item, and shall be assessed at twenty-
10 seven percent of such actual value, and such value so assessed
11 shall be taken and considered as the taxable value of such
12 property upon which the levy shall be made.

13 The actual value of all property subject to assessment
14 and taxation shall be the fair and reasonable market value
15 of such property. "Market value" is defined as the fair and
16 reasonable exchange in the year in which the property is
17 listed and valued between a willing buyer and a willing seller,
18 neither being under any compulsion to buy or sell and each
19 being familiar with all the facts relating to the particular
20 property. The sale or purchase price, of an individual
21 property shall not be used in judgment of value upon itself
22 but if it is a bona fide sale it shall be considered along
23 with comparable property sales. Sale prices of the property
24 or comparable property in normal transactions reflecting
25 market value, and the probable availability or unavailability

S.F. _____ H.F. _____

1 of persons interested in purchasing the property, shall be
2 taken into consideration in arriving at its market value.
3 In arriving at market value, sale prices of property in
4 abnormal transactions not reflecting market value shall not
5 be taken into account; or shall be adjusted to eliminate the
6 effect of factors which distort market value, including but
7 not limited to sales to immediate family of the seller,
8 foreclosure or other forced sales, contract sales, discounted
9 purchase transactions or purchase of adjoining land or other
10 land to be operated as a unit.

11 Actual value of property in one assessing jurisdiction
12 shall be equalized as compared with actual value of property
13 in an adjoining assessing jurisdiction. If a variation of
14 five percent or more exists between the actual values of simi-
15 lar, closely adjacent property in adjoining assessing juris-
16 dictions in Iowa, the assessors thereof shall determine whether
17 adequate reasons exist for such variation. If no such reasons
18 exist, the assessors shall make adjustments in such values
19 to reduce the variation to five percent or less.

20 In assessing and determining the actual value of agricul-
21 tural property fifty percent consideration shall be given
22 to each of the following factors:

23 a. The productivity and net earning capacity determined
24 on the basis of the use for agricultural purposes capitalized
25 at a rate representing a fair return on the investment, such
26 rate to be established by the state board of tax review and
27 applied uniformly among counties and among classes of property.

28 b. The fair and reasonable market value of such property
29 as defined herein, but such market value shall be based only
30 on its current use and not on its potential value for other
31 uses.

32 In counties or townships in which field work on a modern
33 soil survey has been completed since January 1, 1949, the
34 assessor and the department of revenue shall place emphasis
35 upon the results of such survey in determining the productive

1 and earning capacity of such agricultural property.

2 Notwithstanding any other provision of this section, the
3 actual value of any property shall not exceed its fair and
4 reasonable market value.

5 The market value of an inventory or goods in bulk shall
6 be their market value as such inventory or goods in bulk,
7 not their retail or unit price. Such market value shall be
8 fair and reasonable based on market value of similar classes
9 of property.

10 In the event market value of the property being assessed
11 cannot be readily established in the foregoing manner, then
12 the assessor may ~~consider~~ determine the value of such property
13 using uniform and recognized appraisal methods including its
14 productive and earning capacity if any, industrial conditions,
15 its cost, physical and functional depreciation and obsolescence
16 and replacement cost, and all other factors which would assist
17 in determining the fair and reasonable market value of the
18 property but the actual value shall not be determined by use
19 of only one such factor. The following shall not be taken
20 into consideration: Special value or use value of the property
21 to its present owner, and the good will or value of a business
22 which uses the property as distinguished from the value of
23 the property as property. Upon adoption of uniform rules
24 and regulations by the ~~state-tax-commission-or-succeeding~~
25 authority department of revenue covering assessments and
26 valuations of such properties, said valuation on such
27 properties shall be determined in accordance therewith for
28 assessment purposes to assure uniformity, but such rules and
29 regulations shall not be inconsistent with or change the
30 foregoing means of determining the actual, market, taxable
31 and assessed values.

32 "Actual value", "taxable value", or "assessed value" as
33 used in other sections of the Code shall mean the valuations
34 as determined by this section; however, other provisions of
35 the Code providing special methods or formulas for assessing

1 or valuing specified property shall remain in effect, but
2 this section shall be applicable to the extent consistent
3 with such provisions. The assessor and department of revenue
4 shall disclose at the written request of the taxpayer all
5 information in any formula or method used to determine the
6 actual value of his property.

7 The burden of proof shall be upon any complainant attacking
8 such valuation as excessive, inadequate, inequitable or capri-
9 cious; however, in protest or appeal proceedings when the
10 complainant offers competent evidence by at least two qualified
11 disinterested witnesses that the market value of the property
12 is less than the market value determined by the assessor,
13 the burden of proof thereafter shall be upon the officials
14 or persons seeking to uphold such valuation to be assessed.

15 EXPLANATION

16 The bill amends the present assessment law to clarify
17 assessment procedures by providing that the sales price of
18 an individual property shall not be used to determine the
19 value of that property, but comparable sales may be used.
20 The law is also amended to provide that when the sales price
21 or sales data are not available to determine market value,
22 the assessor shall use accepted appraisal methods to determine
23 the market value. The bill also requires testimony by two
24 disinterested witnesses who are also competent witnesses.

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BILL NO. 6
TENTATIVE DRAFT II
Prepared by the Legislative
Service Bureau for the use of
the Taxation Study Committee
for discussion purposes only.
December, 1972

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the homestead tax credit for persons sixty-
2 five years of age or over, any widow fifty-five years of
3 age or over, or totally disabled, and providing penalties
4 for violating the provisions of this Act.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. DEFINITIONS. For the purposes
2 of this Act, unless the context otherwise requires:

3 1. "Income" means net income as defined in section four
4 hundred twenty-two point seven (422.7) of the Code, plus the
5 amount of capital gains excluded from the adjusted gross
6 income, interest and dividends from federal securities, social
7 security benefits, and income from other tax-exempt retirement
8 or pension plans.

9 2. "Homestead" means homestead as defined in section four
10 hundred twenty-five point eleven (425.11) of the Code and,
11 in addition, includes a dwelling or part of a multi-dwelling
12 which is owned or rented and in which the person claiming
13 the credit actually resides and a mobile home which is owned
14 or rented by the person claiming the credit and in which the
15 person claiming the credit actually resides.

16 3. "Property taxes accrued" means property taxes levied
17 on the homestead in the preceding year, exclusive of special
18 assessments, delinquent interest and charges, and collectible
19 during the same year in which the credit is claimed.

20 4. "Gross rent" means rental paid solely for the right
21 of occupancy of a homestead, exclusive of charges for any
22 utilities, services, furnishings, or personal property
23 appliances furnished by the landlord as a part of the rental
24 agreement.

25 5. "Rent constituting property taxes accrued" means twenty
26 percent of the gross rent actually paid on the homestead
27 during the preceding calendar year by the person claiming
28 the credit.

29 Sec. 2. NEW SECTION. CLAIM FOR PROPERTY TAXES ACCRUED.

30 Any person who is sixty-five years of age or older, a widow
31 fifty-five years of age or older, or is totally disabled shall
32 be entitled to a credit against his state income taxes equal
33 to an amount by which the property taxes accrued on his
34 homestead exceeds seven percent of the person's income, when
35 included with the income of his spouse, for the taxable year.

1 When a homestead is owned by two or more persons as joint
2 tenants or tenants in common and one or more of these persons
3 does not reside in the homestead, the property tax is the
4 same proportion of the property tax levied as the proportion
5 of ownership of the homestead by the person claiming the
6 credit.

7 When a person owns his homestead for part of the preceding
8 year and rents it or a different homestead for a part of that
9 year, property tax means only the property tax on the homestead
10 multiplied by the percentage of twelve months that the property
11 was owned and occupied by the person claiming the credit.

12 In no event shall the credit exceed the amount of the
13 property tax accrued.

14 Sec. 3. NEW SECTION. CLAIM FOR RENT CONSTITUTING PROPERTY
15 TAXES ACCRUED. Any person who is not eligible for the credit
16 provided in section two (2) of this Act and who is sixty-five
17 years of age or older, a widow fifty-five years of age or
18 older, or is totally disabled shall be entitled to a credit
19 against his state income taxes equal to an amount by which
20 the rent constituting property taxes accrued on his homestead
21 exceeds seven percent of the person's income, when included
22 with that of his spouse, for the taxable year.

23 If a claim is based on rent constituting property taxes
24 accrued, the person filing the claim shall have rented property
25 during the entire preceding calendar year for which he has
26 filed a claim.

27 If two or more persons are qualified to file a claim for
28 the same homestead, the persons shall determine which person
29 shall file the claim.

30 Sec. 4. NEW SECTION. CLAIM AS INCOME TAX CREDIT OR REBATE.
31 If the allowable amount of a claim filed pursuant to section
32 two (2) or section three (3) of this Act exceeds the income
33 tax due on the person's income, or if there is no income tax
34 due, the amount of the claim not used as a credit against
35 state income taxes shall be paid to the person making the

1 claim from the state general fund.

2 No interest shall be paid on any payment made to any person
3 under the provisions of this Act.

4 Sec. 5. NEW SECTION. LIMITATIONS. The credit allowed
5 under the provisions of this Act shall be subject to the
6 following limitations:

7 1. Only one person shall be entitled to the credit for
8 a homestead for each taxable year.

9 2. In the event that property taxes accrued or rent con-
10 stituting property taxes accrued exceeds six hundred dollars
11 for any homestead in any one year, the amount of the property
12 taxes accrued or rent constituting property taxes accrued
13 for that homestead shall be deemed to be six hundred dollars
14 for the purposes of this Act.

15 Sec. 6. NEW SECTION. SATISFACTION OF OUTSTANDING TAX
16 LIABILITIES. The amount of any claim payable under the
17 provisions of this Act may be applied by the director of
18 revenue against any outstanding tax liability in the name
19 of the state against the person filing the claim.

20 Sec. 7. NEW SECTION. FILING DATE. No credit for property
21 taxes accrued or rent constituting property taxes accrued
22 shall be allowed or paid unless the claim is filed with the
23 director of revenue on or before April thirtieth of each year.

24 In the case of illness, absence, or disability, or when
25 in the judgment of the director of revenue good cause exists,
26 he may extend the time for filing a claim under the provisions
27 of this Act for a period not to exceed six months.

28 Sec. 8. NEW SECTION. PROOF OF CLAIM. Every person filing
29 a claim for a credit for property taxes accrued or rent
30 constituting property taxes accrued shall submit the following
31 proof to the director of revenue to support his claim:

32 1. That he was sixty-five years of age, a widow fifty-
33 five years of age, or totally disabled before midnight on
34 December thirty-first of the year immediately preceding the
35 year the tax was levied or the rent was paid.

- 1 2. Statement of income.
- 2 3. Receipts for rent paid.
- 3 4. Name and address of the owner or manager of property rented.
- 4 5. Property taxes accrued.
- 5 6. Description of the property claimed as a homestead.
- 6 7. A statement that the property taxes accrued have been
- 7 or will be paid.
- 8 8. A statement that there are no delinquent property
- 9 taxes on the homestead.

10 Sec. 9. NEW SECTION. ADMINISTRATION--RULES AND
11 REGULATIONS. The director of revenue shall prescribe and
12 make available the necessary forms with instructions for
13 persons filing a claim for property taxes accrued or rent
14 constituting property taxes accrued, including forms which
15 may be filed as a part of the individual state income tax
16 return.

17 The director may promulgate rules and regulations necessary
18 to carry out the provisions of this Act.

19 Sec. 10. NEW SECTION. AUDIT OF CLAIM. The department
20 of revenue shall audit each claim and if the director of
21 revenue determines that the amount of the credit has been
22 incorrectly determined, he shall redetermine the claim and
23 give notice, in writing, to the person filing the claim of
24 the redetermination and his reasons for it. The
25 redetermination shall be final unless appealed to the district
26 court within thirty days of receipt of the notice.

27 Sec. 11. NEW SECTION. DENIAL OF CLAIM. Any person who
28 files a claim for a credit which is excessive and was filed
29 with fraudulent intent shall be guilty of a misdemeanor.
30 Upon conviction of the person filing the excessive and
31 fraudulent claim, the director of revenue shall disallow the
32 credit in full. If the claim has been paid or the credit
33 allowed against income tax, the credit allowed against the
34 income tax shall be canceled and the amount paid shall be
35 recovered in the same manner as delinquent income taxes.

