

Senate File 571
Ways and Means
Mennenga, Chairman
Egenes
Hennessey
Gentleman
Walter
Nealson
Bina

FILED JUN 6 1975

SENATE FILE 571

By COMMITTEE ON WAYS AND MEANS

Passed Senate, Date 6-11-75 (1924)

Passed House, Date 6-13-75 (2449)

Vote: Ayes 39 Nays 2

Vote: Ayes 90 Nays 0

Approved 6-30

*Referred Senate for House: amended as amended
6-14-75 (2109)
46-2*

*Motion to reconsider lost 6-13 (2449)
Referred House as further amended by Senate
6-14-75 (2554)
85-0*

A BILL FOR

1 An Act relating to the reimbursement for property taxes paid
2 and rent constituting property taxes paid for persons
3 sixty-five years of age or older or totally disabled.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5

S-4151

- 1 Amend Senate File 571, as follows:
- 2 1. Page 1, line 14, by striking the word "and".
- 3 2. Page 1, lines 15, 16 and 17 by striking the words
- 4 "~~7-and-that-part-of-net-worth-considered-as-income-under~~
- 5 ~~subsection-2~~" and inserting in lieu thereof the words:
- 6 ", and that part of net worth considered as income under
- 7 subsection 2".
- 8 3. Page 1, by inserting after line 19 the following:
- 9 "2. "NET WORTH" means the total assets of a person less
- 10 his total liabilities as of December 31 of the base year.
- 11 The value of property shall be its market value as
- 12 defined in section 441.21. For purposes of computing a
- 13 person's income, ten percent of his net worth exceeding
- 14 ~~thirty-five~~ fifty thousand dollars shall be considered
- 15 as income."
- 16 4. Page 3, by striking lines 15 through 17.
- 17 5. Page 4, by striking lines 6 through 10.
- 18 6. Page 1, line 2, by inserting after "(1)," the following:
- 19 "two (2),".

S-4151 FILED & LOST (1924)
JUNE 11, 1975

BY ELIZABETH SHAW

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1 Section 1. Section four hundred twenty-five point seventeen
2 (425.17), subsections one (1), four (4), five (5), eight (8),
3 and ten (10), Code 1975, are amended to read as follows:

4 1. "INCOME" means the sum of Iowa net income as defined
5 in section 422.7, plus all of the following to the extent
6 not already included in Iowa net income: Capital gains,
7 alimony, child support money, cash public assistance and
8 relief, except property tax relief granted under this division,
9 the gross amount of any pension or annuity, including but
10 not limited to railroad retirement benefits, all payments
11 received under the federal social security Act, and all
12 military retirement and veterans' disability pensions, interest
13 received from the state or federal government or any of its
14 instrumentalities, workmen's compensation, and the gross
15 amount of disability income or "loss of time" insurance, ~~and~~
16 ~~that part of net worth considered as income under subsection~~

17 2. "Income" does not include gifts from nongovernmental
18 sources, or surplus foods or other relief in kind supplied
19 by a governmental agency.

20 4. "HOUSEHOLD INCOME" means all income of ~~all persons~~
21 of the claimant and the claimant's spouse in a household and
22 actual monetary contributions received from any other household
23 member during their respective twelve-month income tax
24 accounting periods ending with or during the base year.

25 5. "HOMESTEAD" means the dwelling owned or rented and
26 actually used as a home by the claimant during all or part
27 of the base year, ~~whether owned or rented,~~ and so much of
28 the land surrounding it, not exceeding one acre, as is
29 reasonably necessary for use of the dwelling as a home, and
30 may consist of a part of a multidwelling or multipurpose
31 building and a part of the land upon which it is built. It
32 does not include personal property except that a mobile home
33 may be a homestead. Any dwelling or a part of a multidwelling
34 or multipurpose building which is exempt from taxation shall
35 not qualify as a homestead under the provisions of this

1 division. A homestead must be located in this state.

2 8. "RENT CONSTITUTING PROPERTY TAXES PAID" means ~~twenty~~
3 twenty-five percent of the gross rent actually paid in cash
4 or its equivalent during the base year by the claimant or
5 ~~his~~ the claimant's household solely for the right of occupancy
6 of their homestead in the base year, and which rent constitutes
7 the basis, in the succeeding year, of a claim for reim-
8 bursement under this division by the claimant.

9 10. "PROPERTY TAXES PAID" means property taxes, exclu-
10 sive of special assessments, delinquent interest, and charges
11 for services, paid on a claimant's homestead in this state,
12 but includes only property taxes for which the claimant ~~or~~
13 ~~a-person-of-his-household~~ was liable and which were actually
14 paid by the claimant ~~or-a-person-of-his-household~~. If the
15 property taxes have actually been paid, they shall be deemed
16 to have been paid when due, regardless of the date of actual
17 payment. "Property taxes paid" shall be computed with no
18 deduction for any credit under this division or for any
19 homestead credit allowed under section 425.1. Claims for
20 property tax reimbursement filed in 1974 shall be based upon
21 the property taxes paid in 1973. Claims for property tax
22 reimbursement filed in 1975 shall be limited to two-thirds
23 of the property taxes paid in 1974 and the first one-half
24 of 1975. Each year thereafter, each claim shall be based upon
25 the taxes paid during the base year. If a homestead is owned
26 by two or more persons as joint tenants or tenants in common,
27 and one or more persons are not a member of claimant's
28 household, "property taxes paid" is that part of property
29 taxes paid on the homestead which equals the ownership
30 percentage of the claimant and his household. The county
31 treasurer shall include with the tax receipt a statement that
32 if the owner of the property is sixty-five years of age or
33 over or is totally disabled, he may be eligible for the credit
34 allowed under this division. If a claimant changes his
35 homestead, this shall not prevent him from filing a claim

1 based on property taxes for which the claimant ~~or a person~~
2 ~~of his household~~ was liable and which were actually paid by
3 the claimant ~~or a person of his household~~, but duplication
4 of claims shall not be allowed. If a homestead is an integral
5 part of a farm, the claimant may use the total property taxes
6 paid for the larger unit, but not exceeding forty acres of
7 land. If a homestead is an integral part of a multidwelling
8 or multipurpose building the property taxes paid for the
9 purpose of this subsection shall be prorated to reflect the
10 portion which the value of the property that the household
11 occupies as its homestead is to the value of the entire
12 structure. For purposes of this subsection, "unit" refers
13 to that parcel of property covered by a single tax statement
14 of which the homestead is a part.

15 Sec. 2. Section four hundred twenty-five point seventeen
16 (425.17), Code 1975, is amended by striking subsection two
17 (2).

18 Sec. 3. Section four hundred twenty-five point twenty-
19 three (425.23), subsection one (1), Code 1975, is amended
20 by striking paragraphs a and b and inserting in lieu thereof
21 the following:

22 a. The amount shall be determined in accordance with the
23 following schedule:

24 25 26 If the household 27 income is:	Percent of property taxes paid or rent constituting property taxes paid allowed as a reimbursement:
28 \$ 0 - 999.99	100%
29 1,000 - 1,999.99	90
30 2,000 - 2,999.99	80
31 3,000 - 3,999.99	65
32 4,000 - 4,999.99	50
33 5,000 - 5,999.99	40
34 6,000 - 6,999.99	30
35 7,000 - 7,999.99	25

1 b. If the claim is for property taxes paid and the house-
2 hold income of the claimant is less than four thousand dollars,
3 the alternative tentative reimbursement shall be one hundred
4 twenty-five dollars, but not to exceed the amount of property
5 taxes paid during the base year.

6 Sec. 4. Section four hundred twenty-five point twenty-
7 five (425.25), subsection six (6), Code 1975, is amended to
8 read as follows:

9 6. Household income ~~and a statement of the claimant's~~
10 ~~net worth above thirty-five thousand dollars;~~

11 Sec. 5. The provisions of this Act shall become effective
12 January 1, 1976 for all claims for property taxes paid and
13 rent constituting property taxes paid filed on or after January
14 1, 1976.

15 EXPLANATION

16 The bill redefines household income to include only the
17 income of the claimant and the claimant's spouse and any
18 additional income received by the claimant as rent from a
19 person residing in the household who is related to the claimant
20 or the claimant's spouse. The bill strikes the provisions
21 relating to net worth. The bill also increases the rent
22 constituting property taxes paid from 20% to 25%. The bill
23 also revises the schedule for reimbursement for property taxes
24 paid and rent constituting property taxes paid and extends
25 the coverage to those elderly with incomes from \$6,000 to
26 \$8,000 in addition to those under \$6,000. The schedule also
27 provides that claimants with a household income of less than
28 \$4,000 shall receive a reimbursement of \$125, except that
29 if the amount of property taxes paid is less than \$125, then
30 the amount of the reimbursement shall be the amount of property
31 taxes paid.

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SENATE FILE 571
FISCAL NOTE

Date prepared: June 10, 1975
Requested by: Senator Gluba
Prepared in regard to Senate File 571, An Act relating
to Elderly Property Tax Reimbursement.

Following is the fiscal effect in dollars of the
legislative proposal as required by Joint Rule 16.

S.F. 571 would redefine household income to include income of the claimant, the claimant's spouse and actual monetary contributions received from any other related household member. The bill would also exclude from the definition of income net worth income which is currently equal to 10% of net worth in excess of \$35,000. The cost of the first proposed change cannot be estimated due to an absence of information concerning the number of other household members which would be affected and the amount of income they currently report. The cost of eliminating the net worth factor cannot be estimated due to a lack of data concerning the reporting of net worth income by current claimants and the number and incomes of additional claimants who would become eligible if the net worth factor were eliminated. It is felt, however, that these changes would not have a major effect on the estimated total cost of the program.

The proposal would also increase the percentage of rent paid for occupancy which constitutes property taxes from 20% to 25%, revise the reimbursement schedule by increasing the maximum allowable household income from \$6,000 to \$8,000 and increase the rates of reimbursement at all income levels. The estimated annual fiscal effect of these changes would be to increase the total cost of the program from \$15.7 million to \$20.8 million, a \$5.1 million increase.

The bill would also provide for a minimum tentative reimbursement not to exceed \$125 for individuals with less than \$4,000 of household income. The cost of this part of the proposal cannot be estimated due to the absence of information concerning the additional number of individuals who would become eligible and receive the minimum reimbursement. The additional cost resulting from this change is expected to be minimal.

It is also estimated that the inclusion of individuals with incomes between \$6,000 and \$8,000 in the program will reduce the cost to the state of the homestead credit program by about \$900,000 if all claimants in the new brackets choose to file the elderly claim in lieu of the homestead tax credit form.

FILED
JUNE 11, 1975

GERRY D. RANKIN
LEGISLATIVE FISCAL DIRECTOR

S-4223

1 Amend Senate File 571, as amended and passed by
2 the Senate, as follows:

3 1. Page 1, by inserting after the word "dwelling"
4 in line 25 the following: ", including a mobile
5 home,".

6 2. Page 2, by inserting after line 1 the follow-
7 ing:

8 "6. "CLAIMANT" means a person filing a claim
9 for reimbursement under this division who has
10 attained the age of sixty-five years on or before
11 December 31 of the base year, or who is a surviving
12 spouse having attained the age of fifty-five years
13 on or before December thirty-first of the base
14 year, or who is totally disabled and was totally
15 disabled on or before December 31 of the base year,
16 and was domiciled in this state during the entire
17 base year and is domiciled in this state at the
18 time the claim is filed. "Claimant" includes a
19 vendee in possession under a contract for deed and
20 may include one or more joint tenants or tenants
21 in common. In the case of a claim for rent con-
22 stituting property taxes paid, the claimant shall
23 have rented the property during any part of the
24 base year. When two persons of a household are
25 able to meet the qualifications for a claimant,
26 they may determine between them who will be the
27 claimant. If they are unable to agree, the matter
28 shall be referred to the director of revenue not
29 later than July 31 of each year and his decision
30 shall be final. If a homestead is occupied by two
31 or more persons, and more than one person is able
32 to qualify as a claimant, and some or all of the
33 qualified persons are not related, the persons may
34 determine among them who will be the claimant. If
35 they are unable to agree, the matter shall be
36 referred to the director of revenue not later than
37 July 31 of each year and his decision shall be
38 final."

39 3. Page 2, by striking line 33 and inserting in
40 lieu thereof the following: "over or is totally
41 disabled or is a surviving spouse of such person
42 who is over the age of fifty-five years of age, the
43 person ~~he~~ may be eligible for the credit".

44 4. Title page by striking everything after the
45 word "paid" in line 2, all of line 3, and inserting
46 in lieu thereof the words "by claimants".

47 5. Renumber sections and correct internal refer-
48 ences as may be necessary in accordance with this
49 amendment.

S-4223 FILED
JUNE 13, 1975

Received From The House

Senate concurred as amended 6/14

S-4226

- 1 Amend S-4223, the House Amendment to Senate File
- 2 571 as amended and passed by the Senate, by inserting
- 3 after line 43 the following new paragraph:
- 4 " . Page 3, line 14, by inserting after the period
- 5 the following: "In assessing the value of the property
- 6 of any person the assessor shall not increase the
- 7 valuation of such property in excess of six percent
- 8 annually. However, the provisions of this section shall
- 9 not apply to new improvements to such property, or such
- 10 property subject to an equalization order."

S-4226 FILED - *Ruled out of order* BY WILLIAM P. WINKELMAN
JUNE 14, 1975 *6/14 (2107)* RODGER J. SHAFF

S-4240

- 1 Amend the House amendment, S-4223, to Senate File
- 2 571, as amended and passed by the Senate, by striking
- 3 lines 3, 4, and 5.

S-4240 FILED & ADOPTED (2107) BY WILLIAM E. GLUBA
JUNE 14, 1975

S-4244

- 1 Amend S-4223, the House Amendment to Senate File
- 2 571 as amended and passed by the Senate, by striking
- 3 lines 6 through 43.

S-4244 FILED & LOST (2108) BY ELIZABETH SHAW
JUNE 14, 1975

S-4153

- 1 Amend the Shaw amendment S-4151 to Senate File 571,
- 2 on line 14 by striking "~~thirty-five~~ fifty" and
- 3 inserting in lieu thereof the words "thirty-five".

S-4153 FILED & ADOPTED (1924) BY ELIZABETH SHAW
JUNE 11, 1975

S-4118

- 1 Amend Senate File 571, page 4, lines 6 and 7, by
- 2 striking the word and figure "twenty-five (425.25)"
- 3 and inserting in lieu thereof the word and figure
- 4 "twenty-six (425.26)".

S-4118 FILED - *Adopted 6/11 (1920)* BY WILLIAM E. GLUBA
JUNE 10, 1975

1 Amend Senate File 571, as amended and passed by
2 the Senate, as follows:

3 1. Page 1, line 2, by striking the words and
4 figures "one (1), four (4), five (5)," and inserting
5 in lieu thereof the words and figures "two (2), four
6 (4), five (5), six (6),".

7 2. Page 1, by striking lines 4 through 19 and
8 inserting in lieu thereof the following:

9 "2. "NET WORTH" means the total assets of a person
10 less his total liabilities as of December 31 of the
11 base year. The value of property shall be its market
12 value as defined in section 441.21. For purposes
13 of computing a person's income, ten percent of his
14 net worth exceeding ~~thirty-five~~ fifty thousand dollars
15 shall be considered as income."

16 3. Page 2, by inserting after line 1 the following:

17 '6. "CLAIMANT" means a person filing a claim for
18 reimbursement under this division who has attained
19 the age of sixty-five years on or before December
20 31 of the base year, or who is a surviving spouse
21 having attained the age of fifty-five years on or
22 before December thirty-first of the base year, or
23 who is totally disabled and was totally disabled on
24 or before December 31 of the base year, and was
25 domiciled in this state during the entire base year
26 and is domiciled in this state at the time the claim
27 is filed. "Claimant" includes a vendee in possession
28 under a contract for deed and may include one or more
29 joint tenants or tenants in common. In the case of
30 a claim for rent constituting property taxes paid,
31 the claimant shall have rented the property during
32 any part of the base year. When two persons of a
33 household are able to meet the qualifications for
34 a claimant, they may determine between them who will
35 be the claimant. If they are unable to agree, the
36 matter shall be referred to the director of revenue
37 not later than July 31 of each year and his decision
38 shall be final. If a homestead is occupied by two
39 or more persons, and more than one person is able
40 to qualify as a claimant, and some or all of the
41 qualified persons are not related, the persons may
42 determine among them who will be the claimant. If
43 they are unable to agree, the matter shall be referred
44 to the director of revenue not later than July 31
45 of each year and his decision shall be final."

46 4. Page 3, by striking lines 15, 16, and 17.

47 5. Page 4, by striking lines 9 and 10 and inserting
48 in lieu thereof the following:

49 "6. Household income and a statement of the
50 claimant's net worth above ~~thirty-five~~ fifty thousand
Page 2
1 dollars:"

2 6. Renumber sections and correct internal

3 references as may be necessary in accordance with
4 this amendment.

A - Loss 6/13 (2444) Motion to reconsider lost 4/13 (2448)
B - adopted 6/13 (2445)
C - adopted 6/13 (2445)

H-4252

- 1 Amend the Committee on Ways and Means amendment
- 2 H-4246, to Senate File 571, as follows:
- 3 Page 1, line 21, by striking the word "fifty-
- 4 five" and inserting in lieu thereof the word "sixty".

H-4252 FILED - *Lost 6/13 (2446)*
JUNE 12, 1975

BY BAKER of Buena Vista
HARVEY of Scott

H-4254

- 1 Amend Senate File 571, as amended, as follows:
- 2 Page 2, by striking line 33 and inserting in
- 3 lieu thereof the following: "over or is totally
- 4 disabled or is a surviving spouse of such person
- 5 who is over the age of fifty-five years of age,
- 6 the person he may be eligible for the credit".

H-4254 FILED, ADOPTED (2446)
JUNE 13, 1975

BY MENNENGA of Clinton

H-4256

- 1 Amend Senate File 571 as amended and passed by
- 2 the Senate as follows:
- 3 Page 3, line 6, by striking the word "forty"
- 4 and inserting in lieu thereof the words "forty ten".

H-4256 FILED, LOST (2446)
JUNE 13, 1975

BY HARVEY of Scott

H-4257

- 1 Amend Senate File 571, as amended and passed by the
- 2 Senate, page 3, by inserting after the period in line 14
- 3 the words "In assessing the value of the property of any
- 4 person qualifying for the credit allowed under sections
- 5 four hundred twenty-five point sixteen (425.16) through
- 6 four hundred twenty-five point thirty-nine (425.39) of
- 7 the Code, under the provisions of this chapter, the
- 8 assessor shall not increase the valuation of such
- 9 property in excess of six percent annually. However,
- 10 the provisions of this section shall not apply to new
- 11 improvements to such property, or such property
- 12 subject to an equalization order."

H-4257 FILED, LOST (2447)
JUNE 13, 1975

BY BENNETT of Ida
READINGER of Polk

H-4258

- 1 Amend Senate File 571, as amended and passed by
- 2 the Senate, as follows:
- 3 1. Page 1, by striking from line 2 the following:
- 4 ", four (4)".
- 5 2. Page 1, by striking lines 20 through 24.

H-4258 FILED, LOST (2446)
JUNE 13, 1975

BY TAUKE of Dubuque

H-4268

- 1 Amend Senate File 571 as follows:
- 2 Page 1, by inserting after the word "dwelling"
- 3 in line 25 the following: ", including a mobile
- 4 home, "

H-4268 FILED, ADOPTED (2449)
JUNE 13, 1975

BY MILLER of Buchanan

H-4278

- 1 Amend the title page to Senate File 571 as follows:
- 2 By striking everything after the word "paid" in
- 3 line 2, all of line 3, and inserting in lieu thereof
- 4 the words "by claimants".

H-4278 FILED, ADOPTED
 BY UNANIMOUS CONSENT (2449)
 JUNE 13, 1975

BY OAKLEY of Clinton

Senate Amendment to House Amendment
 To Senate File 571

H-4303

- 1 Amend the House amendment, S-4233, to Senate
- 2 File 571, as amended and passed by the Senate,
- 3 by striking lines 3, 4, and 5.

H-4303 FILED, RECEIVED FROM SENATE
 JUNE 14, 1975

Have received 6/14/75

S-4152

- 1 Amend Senate File 571, as follows:
- 2 1. Page 3, line 17 by inserting after "(2)"
- 3 the following:
- 4 "and insert in lieu thereof the following:
- 5 2. "NET WORTH" means the total assets of a
- 6 person less his total liabilities as of December 31
- 7 of the base year. The value of property shall be
- 8 its market value as defined in section four hundred
- 9 forty-one point twenty-one (441.21). Any person
- 10 with a net worth exceeding fifty thousand dollars
- 11 shall not be eligible for any credit under section
- 12 four hundred twenty-five point nineteen (425.19)
- 13 of the Code, as amended by Senate File 78, Acts
- 14 of the Sixty-sixth General Assembly."
- V. B 15 2. Page 4, by striking lines 6 through 10.

S-4152 FILED
 DIV. A &
 DIV. B - WITHDRAWN (1923)
 JUNE 11, 1975

BY JOAN ORR