

Amend per 5/27/90 L. read 3/20

Reprinted

MAR 15 1990

HOUSE FILE 2554

**APPROPRIATIONS**

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 826)

Passed House, Date 3/30/90 (p. 1635) Passed Senate, Date 4/3/90 (p. 1502)  
Vote: Ayes 91 Nays 1 Vote: Ayes 40 Nays 7  
Approved May 6, 1990

**A BILL FOR**

1 An Act relating to county tax and services provisions by  
2 appropriating funds for state assistance to counties for  
3 certain services to the chronically mentally ill, by modifying  
4 the mobile home tax reduction for the elderly and disabled,  
5 the homestead tax credit, the property tax credit and rent  
6 reimbursement for the elderly and disabled, by increasing the  
7 amount of credit and reimbursement, creating a family farm tax  
8 credit, and providing a penalty, and effective and  
9 applicability dates.

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

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HF 2554

1 Section 1. Section 135D.22, subsection 2, Code Supplement  
 2 1989, is amended to read as follows:

3 2. If the owner of the mobile home is an Iowa resident,  
 4 was totally disabled, as defined in section 425.17, subsection  
 5 6 on or before December 31 of the base year, is a surviving  
 6 spouse having attained the age of fifty-five years on or  
 7 before December 31, 1988 or has attained the age of sixty-five  
 8 years on or before December 31 of the base year and has an  
 9 income when included with that of a spouse which is less than  
 10 ~~five~~ six thousand dollars per year, ~~no~~ the annual tax shall  
 11 not be imposed on the mobile home. If the income is ~~five~~ six  
 12 thousand dollars or more but less than ~~twelve~~ fourteen  
 13 thousand dollars, the annual tax shall be computed as follows:

14	If the Household	Annual Tax Per
15	Income is:	Square Foot:
16	\$-5,000-----5,999.99-----	3-0-cents
17	<u>\$ 6,000</u> -- 6,999.99	6-0 <u>3.0 cents</u>
18	7,000 -- 7,999.99	9-0 <u>6.0</u>
19	8,000 -- 9,999.99	±2-0 <u>10.0</u>
20	10,000 -- 11,999.99	±5-0 <u>13.0</u>
21	<u>12,000 -- 13,999.99</u>	15.0

22 For purposes of this subsection "income" means income as  
 23 defined in section 425.17, subsection 1, and "base year" means  
 24 the calendar year preceding the year in which the claim for a  
 25 reduced rate of tax is filed. The mobile home reduced rate of  
 26 tax shall only be allowed on the mobile home in which the  
 27 claimant is residing at the time in which the claim for a  
 28 reduced rate of tax is filed.

29 Sec. 2. NEW SECTION. 225C.30 STATE ASSISTANCE TO  
 30 COUNTIES FUND FOR SERVICES TO PERSONS WITH CHRONIC MENTAL  
 31 ILLNESS.

32 1. A state assistance to counties fund for services to  
 33 persons with chronic mental illness is established in the  
 34 office of the treasurer of state, which shall consist of the  
 35 amounts appropriated to the fund by the general assembly.

1 2. There is appropriated from the general fund of the  
2 state to the department of human services in each fiscal year  
3 five million dollars for the state assistance to counties fund  
4 for services to persons with chronic mental illness.

x 5 3. In order to receive a grant from the state assistance  
6 to counties fund for services to persons with chronic mental  
7 illness, a county must document its involvement in making  
8 services from each of the following categories available to  
9 persons with chronic mental illness who have legal settlement  
10 within the county:

11 a. Case management in accordance with standards adopted by  
12 the commission.

13 b. Community-based services intended to prevent  
14 institutional placement of persons with chronic mental  
15 illness.

16 c. Support services to assist a person with chronic mental  
17 illness in remaining in the community which may include but  
18 are not limited to medical support, crisis and emergency  
19 intervention, and efforts to improve the person's community  
20 living skills.

21 4. The county's documentation shall be submitted with the  
22 county's annual application for a share of the general  
23 allocation of the state community mental health and mental  
24 retardation services fund pursuant to section 225C.10. A  
25 county which documents its efforts in making services  
26 available pursuant to subsection 3 is entitled to receive the  
27 moneys in the state assistance to counties fund multiplied by  
28 a factor equal to the county's proportionate share of the  
29 total state population.

30 5. As soon after July 1 of the fiscal year following the  
31 fiscal year in which the county's documentation of services is  
32 submitted pursuant to subsection 4, as reasonably possible,  
33 the administrator shall certify to the director of revenue and  
34 finance the amount to which a county is entitled from the  
35 state assistance to counties fund and the director of revenue

1 and finance shall issue warrants in the amounts certified,  
2 drawn upon the fund in favor of the respective counties. A  
3 county shall expend the moneys it receives to provide  
4 community-based services to persons with chronic mental  
5 illness who have legal settlement within the county.

6 6. Notwithstanding section 8.33, funds appropriated to the  
7 state assistance to counties fund for services to persons with  
8 chronic mental illness which are unobligated or unencumbered  
9 on June 30 of any fiscal year shall not revert to the general  
10 fund but shall remain available for use in the subsequent  
11 fiscal year for the purposes designated in this section.

12 Sec. 3. Section 425.1, subsections 2 and 4, Code 1989, are  
13 amended to read as follows:

14 2. The homestead credit fund shall be apportioned each  
15 year so as to give a credit against the tax on each eligible  
16 homestead in the state in an amount equal to the actual levy  
17 on the first four five thousand eight five hundred fifty  
18 twenty-five dollars of actual value for each homestead.

19 4. ~~Annually-the~~ The department of revenue and finance  
20 shall estimate the credit not to exceed the actual levy on the  
21 ~~first-four-thousand-eight-hundred-fifty-dollars~~ amount of  
22 actual value of each eligible homestead specified in  
23 subsection 2, and shall certify to the county auditor of each  
24 county the credit and its amount in dollars. Each county  
25 auditor shall then enter the credit against the tax levied on  
26 each eligible homestead in each county payable during the  
27 ensuing year, designating on the tax lists the credit as being  
28 from the homestead credit fund ~~and-credit.~~ Credit shall then  
29 be given to the several taxing districts in which eligible  
30 homesteads are located in an amount equal to the credits  
31 allowed on the taxes of the homesteads. The amount of credits  
32 shall be apportioned by each county treasurer to the several  
33 taxing districts as provided by law, in the same manner as  
34 though the amount of the credit had been paid by the owners of  
35 the homesteads. However, the several taxing districts shall

1 not draw the funds so credited until after the semiannual  
 2 allocations have been received by the county treasurer, as  
 3 provided in this chapter. Each county treasurer shall show on  
 4 each tax receipt the amount of credit received from the  
 5 homestead credit fund.

6 Sec. 4. Section 425.23, subsection 1, Code 1989, is  
 7 amended to read as follows:

8 1. The tentative credit or reimbursement shall be  
 9 determined in accordance with the following schedule:

	Percent of property taxes due or rent constituting property taxes paid allowed as a credit or reimbursement:
10	
11	
12	
13 If the household	
14 income is:	
15 \$ 0 - <del>4,999.99</del> <u>5,999.99</u> .....	100%
16 <del>5,000---</del> <del>5,999.99</del> <u>6,000 - 6,999.99</u> .....	85
17 <del>6,000---</del> <del>6,999.99</del> <u>7,000 - 7,999.99</u> .....	70
18 <del>7,000---</del> <del>7,999.99</del> <u>8,000 - 9,999.99</u> .....	55 <u>50</u>
19 <del>8,000---</del> <del>9,999.99</del> <u>10,000 - 11,999.99</u> .....	40 <u>35</u>
20 <del>10,000---</del> <del>11,999.99</del> <u>12,000 - 13,999.99</u> .....	25

21 Sec. 5. Section 425.23, subsection 3, paragraph a,  
 22 Code 1989, is amended to read as follows:

23 a. Any A person who is eligible to file a claim for credit  
 24 for property taxes due and who has a household income of five  
 25 six thousand dollars or less and who has a special assessment  
 26 levied against the homestead may file a claim with the county  
 27 treasurer that the claimant had a household income of five six  
 28 thousand dollars or less and that a special assessment is  
 29 presently levied against the homestead. The department shall  
 30 provide to the respective county treasurers such the forms as  
 31 are necessary for the administration of this subsection. The  
 32 claim shall be filed not later than September 30 of each year.  
 33 Upon the filing of the claim, no a penalty or interest for  
 34 late payment shall not accrue against the amount of the  
 35 special assessment due and payable. The claim filed by the

1 claimant ~~shall-constitute~~ constitutes a claim for credit of an  
2 amount equal to the actual amount due and payable upon the  
3 special assessment payable during the fiscal year against the  
4 homestead of the claimant or an amount equal to the annual  
5 payment of the special assessment levied against the homestead  
6 of the claimant and payable in annual installments through the  
7 period of years provided by the governing body of the city,  
8 whichever is less. The department of revenue and finance  
9 shall, upon the filing of the claim with the department by the  
10 county treasurer, pay that amount of the special assessment  
11 during the current fiscal year to the county treasurer. The  
12 county treasurer shall submit the claims to the director of  
13 revenue and finance not later than October 15 of each year.  
14 The director of revenue and finance shall certify the amount  
15 of reimbursement due each county for special assessment  
16 credits allowed under this subsection. The amount of  
17 reimbursement due each county shall be paid by the director of  
18 revenue and finance on October 20 of each year, drawn upon  
19 warrants payable to the respective county treasurer. There is  
20 appropriated annually from the general fund of the state to  
21 the department of revenue and finance an amount sufficient to  
22 carry out the provisions of this subsection. The county  
23 treasurer shall credit any moneys received from the department  
24 against the amount of the special assessment due and payable  
25 on the homestead of the claimant.

26 Sec. 6. NEW SECTION. 425A.1 FAMILY FARM TAX CREDIT FUND.

27 The family farm tax credit fund is created in the office of  
28 the treasurer of state. There is appropriated to the fund  
29 from funds in the general fund not otherwise appropriated the  
30 sum of thirteen million five hundred thousand dollars. Any  
31 balance in the fund on June 30 shall revert to the general  
32 fund.

33 Sec. 7. NEW SECTION. 425A.2 DEFINITIONS.

34 As used in this chapter, unless the context otherwise  
35 requires:

1 1. "Agricultural land" means land in tracts of ten acres  
2 or more excluding any buildings or other structures located on  
3 the land, and not laid off into lots of less than ten acres or  
4 divided by streets and alleys into parcels of less than ten  
5 acres, lying within a school corporation and in good faith  
6 used for agricultural or horticultural purposes. Any land in  
7 tracts laid off or platted into lots of less than ten acres  
8 belonging to and a part of other lands of more than ten acres  
9 and in good faith used for agricultural or horticultural  
10 purposes is entitled to the benefits of this chapter.

11 2. "Owner" means any of the following:

12 a. An individual who holds the fee simple title to the  
13 agricultural land.

14 b. An individual who owns the agricultural land under a  
15 contract of purchase which has been recorded in the office of  
16 the county recorder of the county in which the agricultural  
17 land is located.

18 c. An individual who owns the agricultural land under  
19 devise or by operation of the inheritance laws, where the  
20 whole interest passes or where the divided interest is shared  
21 only by individuals related or formerly related to each other  
22 by blood, marriage, or adoption.

23 d. An individual who owns the agricultural land under a  
24 deed which conveys a divided interest, where the divided  
25 interest is shared only by individuals related or formerly  
26 related to each other by blood, marriage, or adoption.

27 e. A partnership where all partners are related or  
28 formerly related to each other by blood, marriage, or  
29 adoption.

30 f. A family farm corporation or authorized farm  
31 corporation, as both are defined in section 172C.1, which owns  
32 the agricultural land.

33 3. "Actively engaged in farming" means receiving all the  
34 production from that portion of the tract for which the person  
35 is engaging in all of the following activities:

1 a. Regularly and frequently making or taking an important  
2 part in making management decisions substantially contributing  
3 to or affecting the success of the farm operation.

4 b. Performing physical work which significantly  
5 contributes to crop or livestock production.

6 4. "Eligible tract" or "eligible tract of agricultural  
7 land" means an area of agricultural land which is described on  
8 the property tax list as subject to property taxes and which  
9 meets the requirements of section 425A.3, subsection 2.

10 5. "Approved conservation plan" means a conservation plan  
11 approved by the soil and water conservation district pursuant  
12 to the federal Food Security Act of 1985, 16 U.S.C. § 3801 et  
13 seq. or regulations adopted pursuant to the federal Act.

14 Sec. 8. NEW SECTION. 425A.3 WHERE CREDIT GIVEN.

15 1. The family farm tax credit fund shall be apportioned  
16 each year in the manner provided in this chapter so as to give  
17 a credit against the tax on each eligible tract of  
18 agricultural land within the several school districts of the  
19 state in which the levy for the general school fund exceeds  
20 five dollars and forty cents per thousand dollars of assessed  
21 value. The amount of the credit on each eligible tract of  
22 agricultural land shall be the amount the tax levied for the  
23 general school fund exceeds the amount of tax which would be  
24 levied on each eligible tract of agricultural land were the  
25 levy for the general school fund five dollars and forty cents  
26 per thousand dollars of assessed value for the previous year.  
27 However, in the case of a deficiency in the family farm tax  
28 credit fund to pay the credits in full, the credit on each  
29 eligible tract of agricultural land in the state shall be  
30 proportionate and applied as provided in this chapter.

31 2. A tract of agricultural land is eligible for the amount  
32 of credit computed under subsection 1 if the following persons  
33 are actively engaged in farming, have met the requirements of  
34 subsection 3, and have filed an application for the credit as  
35 provided in section 425A.4:



- 1 a. The owner or owner's spouse.
- 2 b. If the owner is a partnership, a partner or the  
3 partner's spouse.
- 4 c. If the owner is a family farm corporation, a family  
5 member who is a shareholder of the family farm corporation or  
6 the shareholder's spouse.
- 7 d. If the owner is an authorized farm corporation, a  
8 shareholder who owns at least twenty percent of the stock of  
9 the authorized farm corporation or the shareholder's spouse.
- 10 3. In addition to the requirements under subsection 2, a  
11 tract of agricultural land is eligible only as follows:
- 12 a. As of January 1, 1991, the tract is subject to an  
13 approved conservation plan.
- 14 b. As of January 1, 1995, the approved conservation plan  
15 for the tract has been completed.
- 16 c. As of January 1, 2000, the soil loss on the tract meets  
17 the tolerable soil loss limit set for that tract by the  
18 federal soil conservation service, unless the approved  
19 conservation plan required the soil loss to meet the tolerable  
20 soil loss limits by January 1, 1995. However, this paragraph  
21 applies only if the state had by January 1, 1995, at least ten  
22 million dollars available as state cost-sharing funds for  
23 purposes of chapter 467A.
- 24 4. The county auditor shall determine the eligibility of  
25 each tract for which an application is received. If the  
26 person designated in subsection 2, paragraph "a", "b", "c", or  
27 "d" is actively engaged in farming on more than one-half of  
28 the tract or if the tract is subject to a federal program  
29 pertaining to agricultural land and the person is in general  
30 control of the tract, the county auditor shall approve the  
31 application if all other requirements for eligibility in this  
32 chapter have been met.
- 33 Sec. 9. NEW SECTION. 425A.4 CLAIM FOR CREDIT.
- 34 1. The family farm tax credit allowed on agricultural land  
35 under section 425A.3, subsection 1, shall only be granted upon

1 tracts of agricultural land on which the persons designated in  
2 section 425A.3, subsection 2, paragraphs "a", "b", "c", and  
3 "d" are actively engaged in farming, has met the requirements  
4 of section 425A.3, subsection 3, and for which the persons  
5 have filed an application for the credit for each tract. To  
6 apply for the credit, the person shall each year on or before  
7 March 15 deliver to the county auditor, on forms furnished by  
8 the auditor, a verified statement and designation of the  
9 tracts of agricultural land for which the credit is claimed  
10 and a certification by the soil and water conservation  
11 district that the tract is eligible under section 425A.3,  
12 subsection 3. The auditor shall return the statement and  
13 designation on March 16 of each year to the county board of  
14 supervisors with a recommendation for allowance or  
15 disallowance.

16 2. The county board of supervisors in each county shall  
17 examine all claims delivered to county auditors, and shall  
18 either allow or disallow the claims, and if disallowed shall  
19 send notice of disallowance by certified mail to the claimant  
20 at the claimant's last known address. The claimant may appeal  
21 the decision of the board in the manner provided in section  
22 425A.5.

23 Sec. 10. NEW SECTION. 425A.5 COMPUTATION BY AUDITOR --  
24 APPEAL.

25 The family farm tax credit allowed each year shall be  
26 computed as follows: On or before June 1, the county auditor  
27 shall list by school districts all tracts of agricultural land  
28 which are entitled to credit, the taxable value for the  
29 previous year, the budget from each school district for the  
30 previous year, and the tax rate determined for the general  
31 fund of the school district in the manner prescribed in  
32 section 444.3 for the previous year, and if the tax rate is in  
33 excess of five dollars and forty cents per thousand dollars of  
34 assessed value, the auditor shall multiply the tax levy which  
35 is in excess of five dollars and forty cents per thousand

1 dollars of assessed value by the total taxable value of the  
2 agricultural land entitled to credit in the school district,  
3 and on or before June 1, certify the total amount of credit  
4 and the total number of acres entitled to the credit to the  
5 department of revenue and finance.

6 In the event the county auditor denies a credit upon a  
7 tract, the auditor shall immediately mail to the owner at the  
8 owner's last known address notice of the decision. The owner  
9 may, within thirty days thereafter, appeal to the board of  
10 supervisors of the county wherein the land involved is  
11 situated by serving notice of appeal upon the chairperson of  
12 the board. The board shall hear the appeal promptly and shall  
13 determine anew all questions involved in the appeal and shall  
14 within ten days after the hearing, mail to the owner at the  
15 owner's last known address, notice of its decision. In the  
16 event of disallowance the owner may, within ten days from the  
17 date the notice is mailed, appeal the disallowance by the  
18 board of supervisors to the district court of that county by  
19 serving written notice of appeal on the county auditor. The  
20 appeal shall be tried de novo and may be heard in term time or  
21 vacation. The decision of the district court shall be final.

22 Sec. 11. NEW SECTION. 425A.6 WARRANTS DRAWN BY DIRECTOR.  
23 After receiving from the county auditors the certifications  
24 provided for in section 425A.5, and during the following  
25 fiscal year, the director of revenue and finance shall draw  
26 warrants on the family farm tax credit fund created in section  
27 425A.1, payable to the county treasurers in the amount  
28 certified by the county auditors of the respective counties  
29 and mail the warrants to the county auditors on August 15 of  
30 each year taking into consideration the relative budget and  
31 cash position of the state resources. However, if the family  
32 farm tax credit fund is insufficient to pay in full the total  
33 of the amounts certified to the director of revenue and  
34 finance, the director shall prorate the fund to the county  
35 treasurers and shall notify the county auditors of the pro

1 rata percentage on or before August 1.

2 Sec. 12. NEW SECTION. 425A.7 APPORTIONMENT BY AUDITOR.

3 Upon receiving the pro rata percentage from the director of  
4 revenue and finance, the county auditor shall determine the  
5 amount to be credited to each tract of agricultural land, and  
6 shall enter upon tax lists as a credit against the tax levied  
7 on each tract of agricultural land on which there has been  
8 made an allowance of credit before delivering the tax lists to  
9 the county treasurer. Upon receipt of the director's warrant  
10 by the county auditor, the auditor shall deliver the warrant  
11 to the county treasurer for apportionment. The county  
12 treasurer shall show on each tax receipt the amount of tax  
13 credit for each tract of agricultural land. In case of change  
14 of ownership the credit shall follow the title.

15 Sec. 13. NEW SECTION. 425A.8 FALSE CLAIM -- PENALTY.

16 A person making a false claim or affidavit with fraudulent  
17 intent to obtain the credit under section 425A.3, subsection  
18 2, is guilty of a fraudulent practice and the claim shall be  
19 disallowed in full. If the credit has been paid, the amount  
20 of the credit plus a penalty equal to twenty-five percent of  
21 the amount of credit plus interest, at the rate in effect  
22 under section 421.7, from the time of payment shall be  
23 collected by the county treasurer in the same manner as other  
24 property taxes, penalty, and interest are collected and when  
25 collected shall be paid to the director of revenue and  
26 finance.

27 Sec. 14. COUNTY CHART OF ACCOUNTS -- DEPARTMENT OF REVENUE  
28 AND FINANCE AND STATE AUDITOR.

29 The department of revenue and finance and the office of the  
30 auditor of state shall utilize the recommendations of the  
31 county finance committee in revising the county chart of  
32 accounts to comply with the provisions of section 225C.30  
33 regarding documentation of community-based services provided  
34 to persons with chronic mental illness. The revisions in the  
35 county chart of accounts applicable to the fiscal year

1 beginning July 1, 1991, shall be completed on or before  
2 November 1, 1990.

3 Sec. 15. STATE ASSISTANCE TO COUNTIES FUND FOR SERVICES TO  
4 PERSONS WITH CHRONIC MENTAL ILLNESS -- INITIAL PROVISIONS.

5 In order to receive moneys in the fiscal year beginning  
6 July 1, 1991, from the state assistance to counties fund for  
7 services to persons with chronic mental illness, a county must  
8 submit the documentation required in section 225C.30 in the  
9 fiscal year beginning July 1, 1990.

10 Sec. 16.

11 Sections 1, 4, and 5 of this Act are effective January 1,  
12 1991, for mobile home tax claims and property tax credit  
13 claims filed on or after that date. Sections 4 and 5 of this  
14 Act are applicable to rent reimbursement claims filed on or  
15 after January 1, 1992.

16 Sec. 17.

17 Sections 3 and 6 through 13 are effective January 1, 1991,  
18 for homestead tax credits and family farm tax credits allowed  
19 for property taxes payable in fiscal years beginning on or  
20 after July 1, 1991.

21 Sec. 18.

22 Section 2 of this Act takes effect July 1, 1991.

23 EXPLANATION

24 The bill increases the amount of mobile home tax credit,  
25 property tax credit, and reimbursement for rent constituting  
26 property taxes paid for the elderly and disabled. The bill  
27 increases the amount of the general homestead tax credit and  
28 creates a family farm tax credit to which \$13,500,000 is  
29 appropriated.

30 The bill provides that family farm tax credit is available  
31 to certain individual or corporate owners who are actively  
32 engaged in farming and meet certain soil conservation  
33 deadlines. "Actively engaged in farming" means receiving all  
34 the production from more than one-half of the tract and  
35 regularly making important decisions and performing

1 substantial physical work in regard to the farm operations.  
2 The soil conservation deadlines limit eligibility to tracts  
3 which are subject to an approved conservation plan under  
4 federal law by 1991, by 1995 the plan must be completed, and  
5 by 2000 the soil loss from the tract must meet the federal  
6 tolerable soil loss limit. The bill imposes a penalty of 25  
7 percent of the credit plus interest for fraudulent  
8 misrepresentation that the owner is entitled to the credit.

9 The bill also creates a state assistance to counties fund  
10 for services to persons with chronic mental illness with an  
11 annual appropriation to that fund beginning July 1, 1991, of  
12 \$5,000,000. The fund is allocated among the counties based  
13 upon the involvement of each county in providing case  
14 management services, community-based services, and support  
15 services to assist persons with chronic mental illness.

16 The bill takes effect January 1, 1991, for claims for the  
17 mobile home and elderly and disabled property tax credit and  
18 for the general homestead tax credit and family farm tax  
19 credit for credits payable beginning July 1, 1991. The claims  
20 for the elderly and disabled reimbursement of rent  
21 constituting property taxes paid is effective January 1, 1992,  
22 for claims filed on or after that date.

23 The bill may contain a state mandate under section 25B.3.

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HOUSE FILE 2554

H-5939

1. Amend House File 2554 as follows:
- 2 1. Page 7, by striking lines 10 through 13.
- 3 2. Page 7, lines 33 and 34, by striking the words
- 4 and figure: "have met requirements of subsection 3,".
- 5 3. Page 8, by striking lines 10 through 23.
- 6 4. Page 9, lines 3 and 4, by striking the words
- 7 and figures: "has met the requirements of section
- 8 425A.3, subsection 3,".
- 9 5. Page 9, by striking lines 10 through 12 and
- 10 inserting the following: ". The auditor shall return
- 11 the statement and".

By SVOBODA of Tama  
FOGARTY of Palo Alto  
GRUHN of Dickinson  
FULLER of Hardin

PETERS of Woodbury  
MERTZ of Kossuth  
BROWN of Lucas

H-5939 FILED MARCH 29, 1990

*U. Dept. 3/30 (y. 1626)*

HOUSE FILE 2554

H-5941

- 1 Amend House File 2554 as follows:
- 2 1. Page 8, line 11, by inserting after the word
- 3 "land" the following: "which is classified as highly
- 4 erodible".
- 5 2. Page 8, line 22, by inserting after the word
- 6 "dollars" the following: "annually".
- 7 3. Page 8, by inserting after line 23 the
- 8 following:
- 9 "If a person has a valid application filed with the
- 10 social conservation service office for a cost share
- 11 program to complete a structure or process to fully
- 12 implement any approved plan and that application has
- 13 not been approved for lack of funding, the affected
- 14 tract shall continue to be eligible until such time as
- 15 the funding becomes available."

By TABOR of Jackson

H-5941 FILED MARCH 29, 1990

*w/d 3/30 (y. 1628)*

## HOUSE FILE 2554

H-5924

Amend House File 2554 as follows:

- 2 1. Page 2, line 7, by inserting after the word  
 3 "county" the following: "shall provide services in  
 4 accordance with standards and consistent with the  
 5 guidelines adopted pursuant to section 225C.27 and".  
 6 2. Page 2, line 12, by inserting after the word  
 7 "the" the following: "mental health and mental  
 8 retardation".  
 9 3. Page 3, by inserting after line 11 the  
 10 following:  
 11 "7. Nothing in this section is intended by the  
 12 general assembly to be the provision of a fair and  
 13 equitable funding formula specified in 1985 Iowa Acts,  
 14 chapter 249, section 9. Nothing in this section shall  
 15 be construed, is intended, or shall imply a claim of  
 16 entitlement to any programs or services specified in  
 17 section 225C.28."

By COMMITTEE ON APPROPRIATIONS  
 JOCHUM of Dubuque, Chairperson

H-5924 FILED MARCH 28, 1990

*Adopted 3/30 (p. 1615)*  
*Reconsidered, Amended by 6003 & Adopted (p. 1635)*

HOUSE FILE 2554

H-5925

Amend House File 2554 as follows:

- 1 1. Page 12, by inserting after line 9 the  
 2 following:  
 3 "Sec. \_\_\_\_.  
 4 The department of human services may adopt  
 5 administrative rules under section 17A.4, subsection  
 6 2, and section 17A.5, subsection 2, paragraph "b", to  
 7 implement section 2 of this Act. Rules adopted  
 8 pursuant to section 2 of this Act relating to  
 9 documentation from the counties shall become effective  
 10 immediately upon filing, unless a later effective date  
 11 is specified in the rules. The rules shall also be  
 12 published as notice of intended action as provided in  
 13 section 17A.4."

By HAMMOND of Story  
 TABOR of Jackson

H-5925 FILED MARCH 28, 1990

*Adopted 3/30 (p. 1633)*



## HOUSE FILE 2554

H-5952

1 Amend House File 2554 as follows:

2 1. By striking page 6, line 33 through page 7,  
3 line 5, and inserting the following:

4 "3. "Actively engaged in farming" means satisfying  
5 all of the following conditions:

6 a. The person receives or has the right to receive  
7 all of the crop production from more than one-half of  
8 the tract.

9 b. The person materially participated in the  
10 production of the crops, as defined in section 469(h),  
11 except paragraphs (3) and (4), of the Internal Revenue  
12 Code, as defined in section 422.3 and regulations  
13 adopted for the applicable paragraphs of that section.

14 However, a person performing activities in the  
15 capacity of a lessor, whether under a cash or crop  
16 share lease, is not actively engaged in farming on the  
17 area of the tract covered by the lease."

18 2. Page 7, line 33, by striking the words "are  
19 actively engaged in farming" and inserting the  
20 following: "were actively engaged in farming during  
21 the fiscal year preceding the fiscal year in which the  
22 auditor computes the amount of credit under section  
23 425A.5 for which the tract would be eligible, owned  
24 the tract on June 30 of that preceding fiscal year,".

25 3. Page 8, line 1, by striking the words "or  
26 owner's spouse." and inserting the following: ",  
27 owner's spouse, owner's child or stepchild, or the  
28 spouse of the owner's child or stepchild."

29 4. Page 8, line 24, by striking the word  
30 "auditor" and inserting the following: "board of  
31 supervisors".

32 5. Page 8, line 27, by striking the word "is" and  
33 inserting the following: "was, during the fiscal year  
34 specified in subsection 2,".

35 6. Page 8, line 28, by striking the word "is" and  
36 inserting the following: "was".

37 7. Page 8, line 29, by striking the word "is" and  
38 inserting the following: "was".

39 8. Page 8, line 30, by striking the word  
40 "auditor" and inserting the following: "board".

41 9. Page 9, line 3, by striking the word "are" and  
42 inserting the following: "were".

43 10. Page 9, line 7, by striking the words and  
44 figure "March 15 deliver to the county auditor" and  
45 inserting the following: "October 1 deliver to the  
46 county assessor".

47 11. Page 9, line 8, by striking the word  
48 "auditor" and inserting the following: "assessor".

49 12. Page 9, line 12, by striking the word  
50 "auditor" and inserting the following: "assessor".

H-5952

Page 2

- 1 13. Page 9, line 13, by striking the word and  
 2 figure "March 16" and inserting the following:  
 3 "October 15".
- 4 14. Page 9, line 15, by inserting after the word  
 5 "disallowance." the following: "However, the deadline  
 6 for filing claims in the 1990 calendar year shall be  
 7 December 1, 1990, and the assessor shall return the  
 8 statements and designations to the county board of  
 9 supervisors on December 15, 1990."
- 10 15. Page 9, line 17, by striking the word  
 11 "auditors" and inserting the following: "assessors".
- 12 16. Page 9, by striking lines 21 and 22 and  
 13 inserting the following: "the decision of the board  
 14 to the district court in which the tract for which the  
 15 credit is claimed is situated by giving written notice  
 16 of the appeal to the county assessor within twenty  
 17 days from the date of the mailing of the notice of the  
 18 decision of the board of supervisors."
- 19 17. Page 10, by striking lines 6 through 21.
- 20 18. Page 12, lines 13 and 14, by striking the  
 21 words and figures "Sections 4 and 5 of this Act are"  
 22 and inserting the following: "Section 4 of this Act  
 23 is".

By TABOR of Jackson

H-5952 FILED MARCH 29, 1990

*Adopted 3/30 (p. 1626)*  
*Lines 41, 42, 49, 50 of Page 1 placed 0/0 by 5939 (p. 1626)*

## HOUSE FILE 2554

H-5951

- 1 Amend House File 2554 as follows:  
 2 1. Page 8, line 8, by striking the word "twenty"  
 3 and inserting the following: "fifty-one".

By MAULSBY of Calhoun  
LAGESCHULTE of Bremer

H-5951 FILED MARCH 29, 1990

*Adopted 3/30 (p. 1629)*

HOUSE FILE 2554

H-5953

1 Amend House File 2554 as follows:

2 1. Page 3, by inserting after line 11 the  
3 following:

4 "Sec. . NEW SECTION. 331.426A MENTAL HEALTH  
5 SERVICES LIMITATION -- STATE OBLIGATION.

6 1. The amount that a county may expend to pay the  
7 charges for mental health services from the receipts  
8 from property taxes levied under this part of division  
9 IV shall not exceed the amount expended in the fiscal  
10 year beginning July 1, 1991, to pay the charges for  
11 mental health services, from the receipts from  
12 property taxes levied under this part of division IV.

13 2. For fiscal years beginning on or after July 1,  
14 1992, the state shall pay the charges for mental  
15 health services to the extent the county is unable to  
16 pay the charges as a result of the limitation imposed  
17 under subsection 1."

18 2. Title page, line 3, by inserting after the  
19 word "ill," the following: "by limiting the amount of  
20 property tax dollars that may be expended for mental  
21 health services,".

By SVOBODA of Tama  
FULLER of Hardin  
PETERSEN of Muscatine  
MERTZ of Kossuth  
GRUHN of Dickinson  
TYRRELL of Iowa

De GROOT of Lyon  
LAGESCHULTE of Bremer  
FOGARTY of Palo Alto  
NEUHAUSER of Johnson  
BRANSTAD of Winnebago  
MAULSBY of Calhoun

H-5953 FILED MARCH 29, 1990

w/d 3/30 (p. 1618)

HOUSE FILE 2554

H-5956

1 Amend House File 2554 as follows:

2 1. Page 8, line 11, by inserting after the word  
3 "land" the following: "which is classified as highly  
4 erodible".

5 2. Page 8, line 22, by inserting after the word  
6 "dollars" the following: "annually".

7 3. Page 8, by inserting after line 23 the  
8 following:

9 "If a person has a valid application filed with the  
10 soil conservation service office for a cost share  
11 program to complete a structure or process to fully  
12 implement any approved plan and that application has  
13 not been approved for lack of funding, the affected  
14 tract shall continue to be eligible until such time as  
15 the funding becomes available."

By TABOR of Jackson

H-5956 FILED MARCH 29, 1990

w/d 3/30 (p. 1635)

HOUSE FILE 2554  
AMENDMENT H-5953 TO HOUSE FILE 2554  
FISCAL NOTE

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A fiscal note for Amendment H-5953 to House File 2554 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

---

Amendment H-5953 relates to mental health expenditures by counties. County expenditures levied under Division IV, Part 2 of Chapter 331 Code of Iowa, for services for the mentally ill are capped at the FY 1992 level. Any costs above the FY 1992 expenditure level for mental health services will be paid for by the state, beginning in FY 1993.

There is no fiscal impact on the state in FY 1991 and FY 1992. The fiscal impact for FY 1993 and FY 1994 cannot be determined.

Mental health services are not defined in H-5953. The definition varies from county to county. If services for the mentally ill alone are included in the definition, the cost to the state for FY 1993 is \$4.1 million and for FY 1994 is \$8.0 million.

If counties include substance abuse costs, there will be additional costs of \$9.8 million for FY 1993 and \$19.1 million for FY 1994. If costs of the mentally retarded are included in the mental health services definition, there will be additional costs of \$5.5 million for FY 1993 and 11.1 million for FY 1994.

In conclusion, the minimum cost to the state is \$4.1 million in FY 1993 and \$8.0 million in FY 1994. If counties include both substance abuse and mental retardation costs in addition to mental illness services, the cost to the state is \$19.4 million in FY 1993 and \$38.2 million in FY 1994.

Source: The Department of Human Services  
The Department of Management

(LSB 8407hv.2, PDD)

FILED MARCH 30, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2554  
AS AMENDED BY H-5961  
FISCAL NOTE

A fiscal note for House File 2554 as Amended by H-5961 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2554 as Amended by H-5961 reduces the uniform property tax levy from \$5.40 to \$5.00 in FY 1992, caps county expenditures levied under Division IV, Part 2 of Chapter 331, Code of Iowa, for services for the mentally ill at the counties FY 1993 expenditure level and requires the State to pay for those charges for such services exceeding the county expenditure cap beginning FY 1994.

The bill as amended also increases the \$5.0 million appropriation for state assistance to counties for services to the chronically mentally ill. The appropriation is increased by \$2.2 million, to a total FY 1992 appropriation of \$7.2 million.

Sections in H.F. 2554 expanding the extraordinary tax credit, the homestead tax credit, and creating the family farm tax credit are struck.

Fiscal Effect

H.F. 2554 As  
Amended by H-5961

State Assistance to Counties  
for Chronically Mentally Ill Service:                   \$ 7.2 million

Foundation Levy Reduction from  
\$5.40 to \$5.00   \$28.3 million

TOTAL   \$35.5 million

The section of the amendment which provides for the State paying county costs for mental health services above the Counties FY 1993 expenditure level cap would first impact the General Fund in FY 1994. The definition of mental health services makes it difficult to provide a specific estimate, however a range of effects is provided below.

	FY 1994	FY 1995
Gen. Fund Effect	\$ 3.0 to \$6.1 m	\$6.1 to \$28.9 m

Source: Department of Management  
Department of Human Services

(LSB 8407hv.3, PDD)

## HOUSE FILE 2554

H-5961

1 Amend House File 2554 as follows:

2 1. Page 1, by striking lines 1 through 28.

3 2. Page 2, line 3, by striking the words "five  
4 million" and inserting the following: "seven million  
5 two hundred thousand".

6 3. Page 3, by inserting after line 11, the  
7 following:

8 "Sec. \_\_\_\_ . Section 257.3, subsections 1 and 2,  
9 Code Supplement 1989, are amended to read as follows:

10 1. AMOUNT OF TAX. Except as provided in  
11 subsection 2, a school district shall cause to be  
12 levied each year, for the school general fund, a  
13 foundation property tax equal to five dollars and  
14 forty-cents per thousand dollars of assessed valuation  
15 on all taxable property in the district. The county  
16 auditor shall spread the foundation levy over all  
17 taxable property in the district.

18 2. AMOUNT FOR REORGANIZED AND DISSOLVED DISTRICTS.  
19 Reorganized school districts that met the requirements  
20 of section 442.2, subsection 1, Code 1989, prior to  
21 July 1, 1989, and had reduced property tax rates shall  
22 continue to have the reduced levies that they would  
23 have had under section 442.2, subsection 1, Code 1989,  
24 and those levies shall continue to increase twenty  
25 cents per year as provided in that subsection, except  
26 that those levies shall not increase above five  
27 dollars per thousand dollars of assessed valuation.

28 Sec. \_\_\_\_ . NEW SECTION. 331.426A MENTAL HEALTH  
29 SERVICES LIMITATION -- STATE OBLIGATION.

30 1. The amount that a county may expend to pay the  
31 charges for services under the mental health programs  
32 in existence on July 1, 1990, from the receipts from  
33 property taxes levied under this part of division IV  
34 shall not exceed the amount expended in the fiscal  
35 year beginning July 1, 1992, to pay the charges for  
36 services under the mental health programs in existence  
37 on July 1, 1990, from the receipts from property taxes  
38 levied under this part of division IV.

39 2. For fiscal years beginning on or after July 1,  
40 1993, the state shall pay the charges for services  
41 under the mental health programs in existence on July  
42 1, 1990, to the extent the county is unable to pay the  
43 charges as a result of the limitation imposed under  
44 subsection 1."

45 4. By striking page 3, line 12, through page 11,  
46 line 26.

47 5. Page 12, by striking lines 10 through 20.

48 6. Title page, by striking lines 4 through 9 and  
49 inserting the following: "the school foundation  
50 property tax levy rate, and limiting the amount of

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1 property taxes that may be expended for services under  
2 certain mental health programs, and providing an  
3 effective date."

By IVERSON of Wright	VAN MAANEN of Mahaska
SCHNEKLOTH of Scott	McKEAN of Jones
HERMANN of Scott	GARMAN of Story
BENNETT of Ida	PELLETT of Cass
PETERSEN of Muscatine	ROYER of Page
TYRRELL of Iowa	EDDIE of Buena Vista
HANSON of Delaware	DAGGETT of Adams
RENKEN of Grundy	SHONING of Woodbury
HESTER of Pottawattamie	TRENT of Muscatine
KREMER of Buchanan	BEAMAN of Clarke
MAULSBY of Calhoun	HALVORSON of Clayton
HARBOR of Mills	

H-5961 FILED MARCH 29, 1990

*W/S 3/30 (p. 1616)*

HOUSE FILE 2554

H-5963

1 Amend the amendment, H-5952, to House File 2554 as  
2 follows:  
3 1. Page 1, by striking lines 14 through 17.  
By BENNETT of Ida

H-5963 FILED MARCH 29, 1990

*Lost 3/30 (p. 1626)*

HOUSE FILE 2554

H-5960

1 Amend House File 2554 as follows:  
2 1. Page 8, line 1, by inserting after the word  
3 "spouse" the following: ", but if the owner has  
4 retired from farming and the owner was eligible for  
5 the credit at the time of retirement, the individual  
6 leasing the tract from the owner, if the lessee is a  
7 beginning farmer as defined in section 175.2".  
By SCHNEKLOTH of Scott

H-5960 FILED MARCH 29, 1990

*Lost 3/30 (p. 1627)*

HOUSE FILE 2554

H-5966

- 1 Amend House File 2554 as follows:
- 2 1. Page 8, line 1, by inserting after the word
- 3 "spouse." the following: "If the owner rents all or a
- 4 portion of the tract and shares in the risk and profit
- 5 on a fifty percent-fifty percent basis, the lessee".

By LAGESCHULTE of Bremer                      BRANSTAD of Winnebago  
MAULSBY of Calhoun                              DE GROOT of Lyon

H-5966 FILED MARCH 29, 1990

*Lost 3/30 (p. 1627)*

HOUSE FILE 2554

H-5969

- 1 Amend the amendment, H-5952, to House File 2554 as
- 2 follows:
- 3 1. Page 1, lines 20 and 21, by striking the words
- 4 "during the fiscal year" and inserting the following:
- 5 "for ten years or more".

By KREMER of Buchanan

H-5969 FILED MARCH 29, 1990

*w/d 3/30 (p. 1625)*

HOUSE FILE 2554

H-5975

- 1 Amend the amendment, H-5952, to House File 2554 as
- 2 follows:
- 3 1. Page 1, line 27, by striking the words "or
- 4 stepchild" and inserting the following: ", stepchild,
- 5 or grandchild".
- 6 2. Page 1, line 28, by striking the words "or
- 7 stepchild" and inserting the following: ", stepchild,
- 8 or grandchild".

By LAGESCHULTE of Bremer  
MAULSBY of Calhoun  
IVERSON of Wright

H-5975 FILED MARCH 29, 1990

*Lost 3/30 (p. 1626)*

HOUSE FILE 2554

H-5976

- 1 Amend amendment H-5964 to House File 2554 as
- 2 follows:
- 3 1. Page 1, line 24, by striking the word "fifty"
- 4 and inserting the word "twenty-five".

By SIEGRIST of Pottawattamie                      PONCY of Wapello  
RENAUD of Polk                                      BEAMAN of Clarke

H-5976 FILED MARCH 29, 1990

*(Adopted 3/30 (p. 1623))*



HOUSE FILE 2554

H-5964

1 Amend House File 2554 as follows:  
 2 1. Page 4, by inserting after line 5 the  
 3 following:  
 4 "Sec. 100. Section 425.15, Code 1989, is amended  
 5 to read as follows:  
 6 425.15 DISABLED VETERAN TAX CREDIT.  
 7 If the owner of the a homestead, allowed a credit  
 8 under this chapter, is a veteran of any of the  
 9 military forces of the United States, who acquired the  
 10 homestead under ~~the provisions of the United States~~  
 11 ~~Code, title 38, chapter 21, sections 801 and 802~~ 38  
 12 U.S.C. § 21.801, 21.802, the credit allowed on the  
 13 homestead from the homestead credit fund shall be the  
 14 entire amount of the tax levied on the homestead. The  
 15 credit allowed shall be continued to the estate of ~~the~~  
 16 a veteran who is deceased or the surviving spouse and  
 17 any child, as defined in section 234.1, who are the  
 18 beneficiaries of ~~the a~~ a deceased veteran, so long as  
 19 the surviving spouse remains unmarried. This section  
 20 is not applicable to the holder of title to any  
 21 homestead whose annual income, together with that of  
 22 the titleholder's spouse, if any, for the last  
 23 preceding twelve-month income tax accounting period  
 24 exceeds ~~ten~~ fifty thousand dollars. For the purpose  
 25 of this section "income" means taxable income for  
 26 federal income tax purposes plus income from  
 27 securities of state and other political subdivisions  
 28 exempt from federal income tax. ~~Any A~~ A veteran or a  
 29 beneficiary of ~~the a~~ a veteran who elects to secure the  
 30 credit provided in this section is not eligible for  
 31 any other real property tax exemption provided by law  
 32 for veterans of military service. If ~~the a~~ a veteran  
 33 acquires a different homestead, the credit allowed  
 34 ~~under the provisions of~~ this section may be claimed on  
 35 ~~a the~~ a new homestead unless the veteran fails to meet  
 36 the other requirements of this section."  
 37 2. Page 12, by inserting after line 22 the  
 38 following:  
 39 "Sec. \_\_\_\_.  
 40 Section 100 of this Act is applicable for  
 41 assessment years beginning on or after July 1, 1991."  
 42 3. By renumbering as necessary.

By SIEGRIST of Pottawattamie  
 BEAMAN of Clarke  
 HARBOR of Mills

H-5964 FILED MARCH 29, 1990  
 Adopted as amended by 5976 3/30 (p. 1623)

## HOUSE FILE 2554

H-5982

1 Amend House File 2554 as follows:

2 1. Page 1, line 3, by inserting after the figure  
3 "2." the following: "a."

4 2. Page 1, by inserting after line 21 the  
5 following:

6 "b. If the owner of the mobile home is an Iowa  
7 resident, has attained the age of eighteen years on or  
8 before December 31 of the base year but has not  
9 attained the age or disability status described in  
10 paragraph "a", and has an income when included with  
11 that of a spouse which is less than fourteen thousand  
12 dollars, the annual tax shall be computed as follows:

13 If the Household	Annual Tax Per
14 income is:	Square Foot:
15 \$ 0 -- 5,999.99	10.0 cents
16 6,000 -- 6,999.99	11.6
17 7,000 -- 7,999.99	13.0
18 8,000 -- 9,999.99	15.0
19 10,000 -- 11,999.99	16.7
20 12,000 -- 13,999.99	17.6".

21 3. By striking page 3, line 12, through page 4,  
22 line 5, and inserting the following:

23 "Sec. 50. Section 425.17, subsections 5 and  
24 9, Code Supplement 1989, are amended to read as follows:

25 5. "Claimant" means a either one of the following:

26 a. A person filing a claim for credit or  
27 reimbursement under this division who has attained the  
28 age of sixty-five years on or before December 31 of  
29 the base year or who is a surviving spouse having  
30 attained the age of fifty-five years on or before  
31 December 31, 1988, or who is totally disabled and was  
32 totally disabled on or before December 31 of the base  
33 year, and was domiciled in this state during the  
34 entire base year and is domiciled in this state at the  
35 time the claim is filed or at the time of the person's  
36 death in the case of a claim filed by the executor or  
37 administrator of the claimant's estate.

38 b. A person filing a claim for credit or  
39 reimbursement under this division who has attained the  
40 age of eighteen years on or before December 31 of the  
41 base year but has not attained the age or disability  
42 status described in paragraph "a", and was domiciled  
43 in this state during the entire base year and is  
44 domiciled in this state at the time the claim is filed  
45 or at the time of the person's death in the case of a  
46 claim filed by the executor or administrator of the  
47 claimant's estate.

48 "Claimant" under paragraph "a" or "b" includes a  
49 vendee in possession under a contract for deed and may  
50 include one or more joint tenants or tenants in

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Page 2

1 common. In the case of a claim for rent constituting  
2 property taxes paid, the claimant shall have rented  
3 the property during any part of the base year. If a  
4 homestead is occupied by two or more persons, and more  
5 than one person is able to qualify as a claimant, the  
6 persons may determine among them who will be the  
7 claimant. If they are unable to agree, the matter  
8 shall be referred to the director of revenue and  
9 finance not later than October 31 of each year and the  
10 director's decision is final.

11 9. "Property taxes due" means property taxes  
12 including any special assessments, but exclusive of  
13 delinquent interest and charges for services, due on a  
14 claimant's homestead in this state, but includes only  
15 property taxes for which the claimant is liable and  
16 which will actually be paid by the claimant. However,  
17 if the claimant is a person whose property taxes have  
18 been suspended under sections 427.8 and 427.9,  
19 "property taxes due" means property taxes including  
20 any special assessments, but exclusive of delinquent  
21 interest and charges for services, due on a claimant's  
22 homestead in this state, but includes only property  
23 taxes for which the claimant is liable and which would  
24 have to be paid by the claimant if the payment of the  
25 taxes has not been suspended pursuant to sections  
26 427.8 and 427.9. "Property taxes due" shall be  
27 computed with no deduction for any credit under this  
28 division or for any homestead credit allowed under  
29 section 425.1. Each claim shall be based upon the  
30 taxes due during the fiscal year next following the  
31 base year. If a homestead is owned by two or more  
32 persons as joint tenants or tenants in common, and one  
33 or more persons are not members of claimant's  
34 household, "property taxes due" is that part of  
35 property taxes due on the homestead which equals the  
36 ownership percentage of the claimant and the  
37 claimant's household. The county treasurer shall  
38 include with the tax receipt a statement that if the  
39 owner of the property is sixty-five eighteen years of  
40 age or over ~~or-is-totally-disabled,-or-is-a-surviving~~  
41 ~~spouse-who-was-fifty-five-years-of-age-on-or-before~~  
42 ~~December-31,-1988~~, the person may be eligible for the  
43 credit allowed under this division. If a homestead is  
44 an integral part of a farm, the claimant may use the  
45 total property taxes due for the larger unit. If a  
46 homestead is an integral part of a multidwelling or  
47 multipurpose building the property taxes due for the  
48 purpose of this subsection shall be prorated to  
49 reflect the portion which the value of the property  
50 that the household occupies as its homestead is to the

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1 value of the entire structure. For purposes of this  
2 subsection, "unit" refers to that parcel of property  
3 covered by a single tax statement of which the  
4 homestead is a part."

5 4. Page 4, line 8, by inserting after the figure  
6 "1." the following: "a."

7 5. Page 4, line 8, by inserting after the word  
8 "reimbursement" the following: "for a claimant  
9 described in section 425.17, subsection 5, paragraph  
10 "a"."

11 6. Page 4, by inserting after line 20, the  
12 following:

13 b. The tentative credit or reimbursement for a  
14 claimant described in section 425.17, subsection 5,  
15 paragraph "b", shall be determined in accordance with  
16 the following schedule:

If the household 21 income is:	Percent of property taxes due or rent constituting property taxes paid allowed as a credit or reimbursement:
22 \$ 0 - 5,999.99.....	50%
23 6,000 - 6,999.99.....	42
24 7,000 - 7,999.99.....	35
25 8,000 - 9,999.99.....	25
26 10,000 - 11,999.99.....	17
27 12,000 - 13,999.99.....	12".

28 7. Page 5, line 8, by inserting after the word  
29 "less." the following: "However, where the claimant is  
30 an individual described in section 425.17, subsection 5,  
31 paragraph "b", the claim filed constitutes a claim for  
32 credit of an amount equal to one-half of the actual amount  
33 due and payable during the fiscal year or equal to one-half  
34 of the annual payment, whichever is less."

35 8. Page 12, line 11, by inserting after the figure  
36 "1," the following: "50,".

37 9. Page 12, line 13, by inserting before the  
38 figure "4" the following: "50,".

39 10. Page 12, line 17, by striking the word and  
40 figure "3 and".

41 11. Page 12, line 18, by striking the words  
42 "homestead tax credits and".

43 12. Title page, line 5, by striking the words  
44 "the homestead tax credit,".

By OSTERBERG of Linn

H-5982 FILED MARCH 29, 1990

*Adopted 3/30 (p. 1616)  
Lines 37, 38 placed o/o by H-5952 (p. 1626)*

## HOUSE FILE 2554

H-5985

1 Amend House File 2554 as follows:

2 1. By striking page 5, line 26 through page 11,  
3 line 26, and inserting the following:

4 "Sec. 100. NEW SECTION. 426B.1 LIVESTOCK VALUE-  
5 ADDED TAX CREDIT.

6 A livestock value-added tax credit is allowed which  
7 is to be determined and claimed as provided in this  
8 section.

9 The value-added tax credit may be claimed on the  
10 taxes imposed on any agricultural building valued at  
11 not more than one hundred thousand dollars which is  
12 used directly by the farmer in the production of meat,  
13 milk, or eggs. The amount of the credit equals one  
14 thousand five hundred dollars. The credit allowed  
15 under this section does not extend to any other  
16 agricultural land or building which is used by the  
17 farmer for machinery or equipment storage or commodity  
18 storage whose use is only incidental to the production  
19 of meat, milk, or eggs.

20 Application for the credit shall be filed by the  
21 owner of the agricultural building with the county  
22 assessor not later than February 1 on forms provided  
23 by the department of revenue and finance. The credit  
24 shall be allowed for meat, milk, and eggs sold in the  
25 preceding calendar year. The credit shall be allowed  
26 against taxes due and payable in the fiscal year  
27 beginning in the calendar year in which the credit is  
28 claimed. The application shall describe and locate  
29 the specific agricultural building upon which the  
30 credit is to be applied. The claim filed under this  
31 section is subject to the same procedures provided by  
32 law for other property tax exemption claims.

33 Any amount of the credit claimed which exceeds the  
34 amount of property taxes due and payable on the  
35 agricultural building shall not be carried forward or  
36 backward by the owner and the owner is not entitled to  
37 any refund.

38 Sec. 101. NEW SECTION. 426B.2 AMOUNT OF CREDITS  
39 CERTIFIED -- WARRANTS DRAWN BY DIRECTOR.

40 1. On or before June 1, the county assessor shall  
41 certify the total amount of credits allowed under  
42 section 426B.1 to the director of the department of  
43 revenue and finance.

44 2. After receiving from the county assessors the  
45 certifications provided for in subsection 1, and  
46 during the following fiscal year, the director of  
47 revenue and finance shall draw warrants on the value-  
48 added tax credit fund created in section 426B.3,  
49 payable to the county treasurers in the amount  
50 certified by the county assessors of the respective

H-5985

Page 2

1 counties and mail the warrants to the county auditors  
2 on August 15 of each year taking into consideration  
3 the relative budget and cash position of the state  
4 resources. However, if the value-added tax credit  
5 fund is insufficient to pay in full the total of the  
6 amounts certified to the director of revenue and  
7 finance, the director shall prorate the fund to the  
8 county treasurers and shall notify the county auditors  
9 of the pro rata percentage on or before August 1.

10 3. Upon receiving the pro rata percentage from the  
11 director of revenue and finance, the county auditor  
12 shall determine the amount to be credited to each  
13 agricultural building, and shall enter upon tax lists  
14 as a credit against the tax levied on each  
15 agricultural building on which there has been made an  
16 allowance of credit before delivering the tax lists to  
17 the county treasurer. Upon receipt of the director's  
18 warrant by the county auditor, the auditor shall  
19 deliver the warrant to the county treasurer for  
20 apportionment. The county treasurer shall show on  
21 each tax receipt the amount of tax credit for each  
22 agricultural building. In case of change of ownership  
23 the credit shall follow the title.

24 Sec. 102. NEW SECTION. 426B.3 VALUE-ADDED TAX  
25 CREDIT FUND.

26 The value-added tax credit fund is created in the  
27 office of the treasurer of state. There is  
28 appropriated to the fund from funds in the general  
29 fund not otherwise appropriated the sum of thirteen  
30 million five hundred thousand dollars. Any balance in  
31 the fund on June 30 shall revert to the general fund."

32 2. Page 12, line 17, by striking the word and  
33 figures "6 through 13" and inserting the following:  
34 "100 through 102".

35 3. Page 12, line 18, by striking the words  
36 "family farm" and inserting the following: "value-  
37 added".

38 4. Title page, line 7, by striking the words  
39 "family farm" and inserting the following: "value-  
40 added".

By PETERSEN of Muscatine

H-5985 FILED MARCH 30, 1990

LOST (p. 1632)

## HOUSE FILE 2554

H-5991

- 1 Amend House File 2554 as follows:  
 2 1. Page 1, by striking lines 1 through 28.  
 3 2. Page 2, line 3, by striking the words "five  
 4 million" and inserting the following: "seven million  
 5 two hundred thousand".  
 6 3. Page 3, by inserting after line 11, the  
 7 following:  
 8 "Sec. \_\_\_\_ . Section 257.3, subsections 1 and 2,  
 9 Code Supplement 1989, are amended to read as follows:  
 10 1. AMOUNT OF TAX. Except as provided in  
 11 subsection 2, a school district shall cause to be  
 12 levied each year, for the school general fund, a  
 13 foundation property tax equal to five dollars and  
 14 forty-cents per thousand dollars of assessed valuation  
 15 on all taxable property in the district. The county  
 16 auditor shall spread the foundation levy over all  
 17 taxable property in the district.  
 18 2. AMOUNT FOR REORGANIZED AND DISSOLVED DISTRICTS.  
 19 Reorganized school districts that met the requirements  
 20 of section 442.2, subsection 1, Code 1989, prior to  
 21 July 1, 1989, and had reduced property tax rates shall  
 22 continue to have the reduced levies that they would  
 23 have had under section 442.2, subsection 1, Code 1989,  
 24 and those levies shall continue to increase twenty  
 25 cents per year as provided in that subsection, except  
 26 that those levies shall not increase above five  
 27 dollars per thousand dollars of assessed valuation."  
 28 4. By striking page 3, line 12, through page 11,  
 29 line 26.  
 30 5. Page 12, by striking lines 10 through 20.  
 31 6. Title page, by striking lines 4 through 9 and  
 32 inserting the following: "the school foundation  
 33 property tax levy rate, and providing an effective  
 34 date."

By IVERSON of Wright

H-5991 FILED MARCH 30, 1990

LOST (p. 1617)

## HOUSE FILE 2554

H-5999

- 1 Amend House File 2554 as follows:  
 2 1. Page 10, line 1, by striking the words "total  
 3 taxable value" and inserting the following: "taxable  
 4 value, not to exceed three hundred thousand dollars  
 5 per claim,".  
 By HANSON of Delaware PETERSEN of Muscatine  
 OSTERBERG of Linn HALVORSON of Webster  
 LAGESCHULTE of Bremer

H-5999 FILED MARCH 30, 1990

LOST (p. 1633)

## HOUSE FILE 2554

## H-5990

1 Amend House File 2554 as follows:

2 1. Page 3, by inserting after line 11 the  
3 following:

4 "Sec. . . . NEW SECTION. 331.426A MENTAL HEALTH  
5 SERVICES LIMITATION -- STATE OBLIGATION.

6 1. The amount that a county may expend to pay the  
7 charges for services under the mental health programs  
8 in existence on July 1, 1990, from the receipts from  
9 property taxes levied under this part of division IV  
10 shall not exceed the amount expended in the fiscal  
11 year beginning July 1, 1991, to pay the charges for  
12 services under the mental health programs in existence  
13 on July 1, 1990, from the receipts from property taxes  
14 levied under this part of division IV.

15 2. For fiscal years beginning on or after July 1,  
16 1992, the state shall pay the charges for services  
17 under the mental health programs in existence on July  
18 1, 1990, to the extent the county is unable to pay the  
19 charges as a result of the limitation imposed under  
20 subsection 1."

21 2. Title page, line 3, by inserting after the  
22 word "ill," the following: "limiting the amount of  
23 property taxes that may be expended for services under  
24 certain mental health programs,".

By PETERSEN of Muscatine

H-5990 FILED MARCH 30, 1990

LOST (p. 1619)



HOUSE FILE 2554  
FISCAL NOTE

A fiscal note for House File 2554 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2554 increases the amount of mobile home tax credit, property tax credit, and reimbursement for rent constituting property taxes paid for the elderly and disabled. The bill also increases the amount of the general homestead tax credit and creates a family farm tax credit to which \$13.5 million is appropriated.

The bill provides that a family farm tax credit is available to certain individual or corporate owners who are actively engaged in farming and meet certain soil conservation deadlines. "Actively engaged in farming" means receiving all the production from more than one-half of the tract and regularly making important decisions and performing substantial physical work in regard to the farm operations. The soil conservation deadlines limit eligibility to tracts which are subject to an approved conservation plan under federal law by 1991, by 1995 the plan must be completed, and by 2000 the soil loss from the tract must meet the federal tolerable soil loss limit. The bill imposes a penalty of 25 percent of the credit plus interest for fraudulent misrepresentations that the owner is entitled to the credit.

The bill also creates a state assistance to counties fund for services to persons with chronic mental illness with an annual appropriation to that fund beginning July 1, 1991, of \$5.0 million. The fund is allocated among the counties based upon the involvement of each county in providing case management services, community-based services and support services to assist persons with chronic mental illness.

The bill takes effect January 1, 1991, for claims for the mobile home and elderly and disabled property tax credit and for the general homestead tax credit and family farm tax credit for credits payable beginning July 1, 1991. The claims for the elderly and disabled reimbursement of rent constituting property taxes paid is effective January 1, 1992, for claims filed on or after that date.

Fiscal Impact

	General Fund FY 1992 Expenditure Increase (millions) =====
Homestead exemption increase:	\$14.0
Family farm tax credit:	\$13.
Extraordinary credit increase:	\$ 3.0
Chronic mental illness assistance:	\$ 5.0
	=====

-2-

TOTAL

\$35.5

Source: Department of Revenue and Finance

(LSB 8407hv, PDD)

FILED MARCH 19, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2554

H-6003

1 Amend the amendment, H-5924, to House File 2554 as  
2 follows:

3 1. Page 1, line 5, by inserting after the figure  
4 "225C.27" the following: ", subsections 2 and 3,".

By SCHNEKLOTH of Scott

H-6003 FILED MARCH 30, 1990

ADOPTED (p 1634)

HOUSE FILE 2554

H-6004

1 Amend House File 2554 as follows:

2 1. Page 12, by inserting after line 9 the  
3 following:

4 "Sec. \_\_\_\_\_.

5 The legislative council is requested to establish  
6 an interim study committee that would recommend  
7 phasing in of a state-county funding formula to be  
8 implemented over a 15-year period. Components of the  
9 formula shall include case management and community-  
10 based facilities and the costs of services for chronic  
11 mental illness and other mental health programs."

By TABOR of Jackson

FULLER of Hardin

WISE of Lee

HARPER of Black Hawk

SVOBODA of Tama

ADAMS of Hamilton

NEUHAUSER of Johnson

FOGARTY of Palo Alto

MERTZ of Kossuth

GRUPN of Dickinson

H-6004 FILED MARCH 30, 1990

ADOPTED (p 1634)

HOUSE FILE 2554

H-6015

1 Amend amendment H-6004 to House File 2554 as  
2 follows:

3 1. Page 1, by striking lines 6 through 8, and  
4 inserting the following: "an interim study committee  
5 to consider the impact of the state assuming the  
6 cost of mental health programs which are currently  
7 paid for by the counties and that will study the  
8 phasing in of a state-county funding formula to be  
9 implemented over a five-year period. Components of  
10 the".

By PETERSEN of Muscatine

H-6015 FILED MARCH 30, 1990

ADOPTED (Lost 3/30 (p 1634))

HOUSE FILE 2554

H-6019

1 Amend House File 2554, as follows:

2 page 12, line 15, by inserting after the numerals  
3 "1992." the following: "Section 50 of this Act

4 is also applicable to rent reimbursement claims filed  
5 on or after January 1, 1992."

By TABOR of Jackson

OSTERBERG of Linn

H-6019 FILED MARCH 30, 1990

ADOPTED (p 1634)

**HOUSE FILE 2554  
FISCAL NOTE**

A fiscal note for House File 2554 as Amended and Passed by the House is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2554 as amended and passed by the House raises the extraordinary credit reimbursement for elderly and disabled property owners and renters, extends the extraordinary credit in a reduced form to property owners and renters ages 18 - 64, institutes a family farm credit, provides \$5.0 million in state aid to counties for mental health costs, and increases the income eligibility threshold for the disabled vet credit from \$10,000 to \$25,000. The bill also requests the establishment of an interim study committee to propose a funding formula for state assistance to counties for mental health related costs.

Fiscal Effect

	FY 1992, millions
Family Farm Tax Credit:	\$13.5
Extraordinary Credit Changes	
Elderly/Disabled Relief Increase:	\$ 3.0
Relief for those age 18-64:	\$12.0 - \$14.0
State Aid for Mental Health Costs:	\$ 5.0
Disabled Vet Credit Increase	<u>insignificant</u>
TOTAL	<u>\$33.5 - \$35.5</u>

Sources: Department of Revenue and Finance  
Legislative Tax Model

(LSB 8407hv.4, PDD)

FILED APRIL 3, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2554  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 826)

(As Amended and Passed by the House March 30, 1990)

Passed House, Date See Below Passed Senate, Date 4/3/90 (p.1502)  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes 40 Nays 7  
Approved May 6, 1990

A BILL FOR

1 An Act relating to county tax and services provisions by  
2 appropriating funds for state assistance to counties for  
3 certain services to the chronically mentally ill, by modifying  
4 the mobile home tax reduction for the elderly and disabled,  
\* 5 the property tax credit and rent reimbursement for the elderly  
6 and disabled, by increasing the amount of credit and  
7 reimbursement, creating a family farm tax credit, and  
8 providing a penalty, and effective and applicability dates.

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

10

11

House Amendments \_\_\_\_\_

12

Deleted Language \*

13

Conference Committee Appointed 4/5/90

14

Repr. Labor (Chair), Schueloth, Gronings, Metcalf, Wise (p. 2079)

15

16

Sen. Kieleman (Chair), Bruner, Husak, Drake & Heister (p. 1582)

17

Passed per Conference Committee

18

House 4/7/90 (p. 2239)

Senate 4/7/90 (p. 1685)

19

91-0

48-1

20

21

1 Section 1. Section 135D.22, subsection 2, Code Supplement  
 2 1989, is amended to read as follows:

3 2. a. If the owner of the mobile home is an Iowa  
 4 resident, was totally disabled, as defined in section 425.17,  
 5 subsection 6 on or before December 31 of the base year, is a  
 6 surviving spouse having attained the age of fifty-five years  
 7 on or before December 31, 1988 or has attained the age of  
 8 sixty-five years on or before December 31 of the base year and  
 9 has an income when included with that of a spouse which is  
 10 less than five six thousand dollars per year, ~~no~~ the annual  
 11 tax shall not be imposed on the mobile home. If the income is  
 12 five six thousand dollars or more but less than twelve  
 13 fourteen thousand dollars, the annual tax shall be computed as  
 14 follows:

15	If the Household	Annual Tax Per
16	Income is:	Square Foot:
17	\$-5,000-----5,999.99-----	3.0-cents
18	\$ 6,000 -- 6,999.99	6.0 3.0 cents
19	7,000 -- 7,999.99	9.0 6.0
20	8,000 -- 9,999.99	±2.0 10.0
21	10,000 -- 11,999.99	±5.0 13.0
22	12,000 -- 13,999.99	15.0

23 b. If the owner of the mobile home is an Iowa resident,  
 24 has attained the age of eighteen years on or before December  
 25 31 of the base year but has not attained the age or disability  
 26 status described in paragraph "a", and has an income when  
 27 included with that of a spouse which is less than fourteen  
 28 thousand dollars, the annual tax shall be computed as follows:

29	If the Household	Annual Tax Per
30	Income is:	Square Foot:
31	\$ 0 -- 5,999.99	10.0 cents
32	6,000 -- 6,999.99	11.6
33	7,000 -- 7,999.99	13.0
34	8,000 -- 9,999.99	15.0
35	10,000 -- 11,999.99	16.7

1 12,000 -- 13,999.99 17.6

2 For purposes of this subsection "income" means income as  
3 defined in section 425.17, subsection 1, and "base year" means  
4 the calendar year preceding the year in which the claim for a  
5 reduced rate of tax is filed. The mobile home reduced rate of  
6 tax shall only be allowed on the mobile home in which the  
7 claimant is residing at the time in which the claim for a  
8 reduced rate of tax is filed.

9 Sec. 2. NEW SECTION. 225C.30 STATE ASSISTANCE TO  
10 COUNTIES FUND FOR SERVICES TO PERSONS WITH CHRONIC MENTAL  
11 ILLNESS.

12 1. A state assistance to counties fund for services to  
13 persons with chronic mental illness is established in the  
14 office of the treasurer of state, which shall consist of the  
15 amounts appropriated to the fund by the general assembly.

16 2. There is appropriated from the general fund of the  
17 state to the department of human services in each fiscal year  
18 five million dollars for the state assistance to counties fund  
19 for services to persons with chronic mental illness.

20 3. In order to receive a grant from the state assistance  
21 to counties fund for services to persons with chronic mental  
22 illness, a county shall provide services in accordance with  
23 standards and consistent with the guidelines adopted pursuant  
24 to section 225C.27, subsections 2 and 3, and must document its  
25 involvement in making services from each of the following  
26 categories available to persons with chronic mental illness  
27 who have legal settlement within the county:

28 a. Case management in accordance with standards adopted by  
29 the mental health and mental retardation commission.

30 b. Community-based services intended to prevent  
31 institutional placement of persons with chronic mental  
32 illness.

33 c. Support services to assist a person with chronic mental  
34 illness in remaining in the community which may include but  
35 are not limited to medical support, crisis and emergency

1 intervention, and efforts to improve the person's community  
2 living skills.

3 4. The county's documentation shall be submitted with the  
4 county's annual application for a share of the general  
5 allocation of the state community mental health and mental  
6 retardation services fund pursuant to section 225C.10. A  
7 county which documents its efforts in making services  
8 available pursuant to subsection 3 is entitled to receive the  
9 moneys in the state assistance to counties fund multiplied by  
10 a factor equal to the county's proportionate share of the  
11 total state population.

12 5. As soon after July 1 of the fiscal year following the  
13 fiscal year in which the county's documentation of services is  
14 submitted pursuant to subsection 4, as reasonably possible,  
15 the administrator shall certify to the director of revenue and  
16 finance the amount to which a county is entitled from the  
17 state assistance to counties fund and the director of revenue  
18 and finance shall issue warrants in the amounts certified,  
19 drawn upon the fund in favor of the respective counties. A  
20 county shall expend the moneys it receives to provide  
21 community-based services to persons with chronic mental  
22 illness who have legal settlement within the county.

23 6. Notwithstanding section 8.33, funds appropriated to the  
24 state assistance to counties fund for services to persons with  
25 chronic mental illness which are unobligated or unencumbered  
26 on June 30 of any fiscal year shall not revert to the general  
27 fund but shall remain available for use in the subsequent  
28 fiscal year for the purposes designated in this section.

29 7. Nothing in this section is intended by the general  
30 assembly to be the provision of a fair and equitable funding  
31 formula specified in 1985 Iowa Acts, chapter 249, section 9.  
32 Nothing in this section shall be construed, is intended, or  
33 shall imply a claim of entitlement to any programs or services  
34 specified in section 225C.28.

35 Sec. 3. Section 425.17, subsections 5 and 9, Code



1 Supplement 1989, are amended to read as follows:

2 5. "Claimant" means & either one of the following:

3 a. A person filing a claim for credit or reimbursement  
4 under this division who has attained the age of sixty-five  
5 years on or before December 31 of the base year or who is a  
6 surviving spouse having attained the age of fifty-five years  
7 on or before December 31, 1988, or who is totally disabled and  
8 was totally disabled on or before December 31 of the base  
9 year, and was domiciled in this state during the entire base  
10 year and is domiciled in this state at the time the claim is  
11 filed or at the time of the person's death in the case of a  
12 claim filed by the executor or administrator of the claimant's  
13 estate.

14 b. A person filing a claim for credit or reimbursement  
15 under this division who has attained the age of eighteen years  
16 on or before December 31 of the base year but has not attained  
17 the age or disability status described in paragraph "a", and  
18 was domiciled in this state during the entire base year and is  
19 domiciled in this state at the time the claim is filed or at  
20 the time of the person's death in the case of a claim filed by  
21 the executor or administrator of the claimant's estate.

22 "Claimant" under paragraph "a" or "b" includes a vendee in  
23 possession under a contract for deed and may include one or  
24 more joint tenants or tenants in common. In the case of a  
25 claim for rent constituting property taxes paid, the claimant  
26 shall have rented the property during any part of the base  
27 year. If a homestead is occupied by two or more persons, and  
28 more than one person is able to qualify as a claimant, the  
29 persons may determine among them who will be the claimant. If  
30 they are unable to agree, the matter shall be referred to the  
31 director of revenue and finance not later than October 31 of  
32 each year and the director's decision is final.

33 9. "Property taxes due" means property taxes including any  
34 special assessments, but exclusive of delinquent interest and  
35 charges for services, due on a claimant's homestead in this

1 state, but includes only property taxes for which the claimant  
2 is liable and which will actually be paid by the claimant.  
3 However, if the claimant is a person whose property taxes have  
4 been suspended under sections 427.8 and 427.9, "property taxes  
5 due" means property taxes including any special assessments,  
6 but exclusive of delinquent interest and charges for services,  
7 due on a claimant's homestead in this state, but includes only  
8 property taxes for which the claimant is liable and which  
9 would have to be paid by the claimant if the payment of the  
10 taxes has not been suspended pursuant to sections 427.8 and  
11 427.9. "Property taxes due" shall be computed with no  
12 deduction for any credit under this division or for any  
13 homestead credit allowed under section 425.1. Each claim  
14 shall be based upon the taxes due during the fiscal year next  
15 following the base year. If a homestead is owned by two or  
16 more persons as joint tenants or tenants in common, and one or  
17 more persons are not members of claimant's household,  
18 "property taxes due" is that part of property taxes due on the  
19 homestead which equals the ownership percentage of the  
20 claimant and the claimant's household. The county treasurer  
21 shall include with the tax receipt a statement that if the  
22 owner of the property is sixty-five eighteen years of age or  
23 over or is totally disabled, or is a surviving spouse who was  
24 fifty-five years of age on or before December 31, 1988, the  
25 person may be eligible for the credit allowed under this  
26 division. If a homestead is an integral part of a farm, the  
27 claimant may use the total property taxes due for the larger  
28 unit. If a homestead is an integral part of a multidwelling  
29 or multipurpose building the property taxes due for the  
30 purpose of this subsection shall be prorated to reflect the  
31 portion which the value of the property that the household  
32 occupies as its homestead is to the value of the entire  
33 structure. For purposes of this subsection, "unit" refers to  
34 that parcel of property covered by a single tax statement of  
35 which the homestead is a part.

1 Sec. 4. Section 425.15, Code 1989, is amended to read as  
 2 follows:

3 425.15 DISABLED VETERAN TAX CREDIT.

4 If the owner of the a homestead, allowed a credit under  
 5 this chapter, is a veteran of any of the military forces of  
 6 the United States, who acquired the homestead under the  
 7 provisions-of-the-United-States-Code, title-38, chapter-21,  
 8 sections-801-and-802 38 U.S.C. § 21.801, 21.802, the credit  
 9 allowed on the homestead from the homestead credit fund shall  
 10 be the entire amount of the tax levied on the homestead. The  
 11 credit allowed shall be continued to the estate of the a  
 12 veteran who is deceased or the surviving spouse and any child,  
 13 as defined in section 234.1, who are the beneficiaries of the  
 14 a deceased veteran, so long as the surviving spouse remains  
 15 unmarried. This section is not applicable to the holder of  
 16 title to any homestead whose annual income, together with that  
 17 of the titleholder's spouse, if any, for the last preceding  
 18 twelve-month income tax accounting period exceeds ten twenty-  
 19 five thousand dollars. For the purpose of this section  
 20 "income" means taxable income for federal income tax purposes  
 21 plus income from securities of state and other political  
 22 subdivisions exempt from federal income tax. Any A veteran or  
 23 a beneficiary of the a veteran who elects to secure the credit  
 24 provided in this section is not eligible for any other real  
 25 property tax exemption provided by law for veterans of  
 26 military service. If the a veteran acquires a different  
 27 homestead, the credit allowed under the-provisions-of this  
 28 section may be claimed on a the new homestead unless the  
 29 veteran fails to meet the other requirements of this section.

30 Sec. 5. Section 425.23, subsection 1, Code 1989, is  
 31 amended to read as follows:

32 1. a. The tentative credit or reimbursement for a  
 33 claimant described in section 425.17, subsection 5, paragraph  
 34 "a" shall be determined in accordance with the following  
 35 schedule:

1			Percent of property taxes
2			due or rent constituting
3			property taxes paid
4	If the household		allowed as a credit or
5	income is:		reimbursement:
6	\$ 0 - 4,999.99	5,999.99.....	100%
7	5,000---5,999.99	6,000 - 6,999.99.....	85
8	6,000---6,999.99	7,000 - 7,999.99.....	70
9	7,000---7,999.99	8,000 - 9,999.99.....	55 50
10	8,000---9,999.99	10,000 - 11,999.99.....	40 35
11	10,000---11,999.99	12,000 - 13,999.99.....	25

12 b. The tentative credit or reimbursement for a claimant  
 13 described in section 425.17, subsection 5, paragraph "b",  
 14 shall be determined in accordance with the following schedule:

15			<u>Percent of property taxes</u>
16			<u>due or rent constituting</u>
17			<u>property taxes paid</u>
18	<u>If the household</u>		<u>allowed as a credit or</u>
19	<u>income is:</u>		<u>reimbursement:</u>
20	<u>\$ 0 - 5,999.99.....</u>		<u>50%</u>
21	<u>6,000 - 6,999.99.....</u>		<u>42</u>
22	<u>7,000 - 7,999.99.....</u>		<u>35</u>
23	<u>8,000 - 9,999.99.....</u>		<u>25</u>
24	<u>10,000 - 11,999.99.....</u>		<u>17</u>
25	<u>12,000 - 13,999.99.....</u>		<u>12</u>

26 Sec. 6. Section 425.23, subsection 3, paragraph a,  
 27 Code 1989, is amended to read as follows:

28 a. Any A person who is eligible to file a claim for credit  
 29 for property taxes due and who has a household income of five  
 30 six thousand dollars or less and who has a special assessment  
 31 levied against the homestead may file a claim with the county  
 32 treasurer that the claimant had a household income of five six  
 33 thousand dollars or less and that a special assessment is  
 34 presently levied against the homestead. The department shall  
 35 provide to the respective county treasurers such the forms as

1 are necessary for the administration of this subsection. The  
2 claim shall be filed not later than September 30 of each year.  
3 Upon the filing of the claim, ~~no~~ a penalty or interest for  
4 late payment shall not accrue against the amount of the  
5 special assessment due and payable. The claim filed by the  
6 claimant ~~shall constitute~~ constitutes a claim for credit of an  
7 amount equal to the actual amount due and payable upon the  
8 special assessment payable during the fiscal year against the  
9 homestead of the claimant or an amount equal to the annual  
10 payment of the special assessment levied against the homestead  
11 of the claimant and payable in annual installments through the  
12 period of years provided by the governing body of the city,  
13 whichever is less. However, where the claimant is an  
14 individual described in section 425.17, subsection 5,  
15 paragraph "b", the claim filed constitutes a claim for credit  
16 of an amount equal to one-half of the actual amount due and  
17 payable during the fiscal year or equal to one-half of the  
18 annual payment, whichever is less. The department of revenue  
19 and finance shall, upon the filing of the claim with the  
20 department by the county treasurer, pay that amount of the  
21 special assessment during the current fiscal year to the  
22 county treasurer. The county treasurer shall submit the  
23 claims to the director of revenue and finance not later than  
24 October 15 of each year. The director of revenue and finance  
25 shall certify the amount of reimbursement due each county for  
26 special assessment credits allowed under this subsection. The  
27 amount of reimbursement due each county shall be paid by the  
28 director of revenue and finance on October 20 of each year,  
29 drawn upon warrants payable to the respective county  
30 treasurer. There is appropriated annually from the general  
31 fund of the state to the department of revenue and finance an  
32 amount sufficient to carry out the provisions of this  
33 subsection. The county treasurer shall credit any moneys  
34 received from the department against the amount of the special  
35 assessment due and payable on the homestead of the claimant.

1     Sec. 7. NEW SECTION. 425A.1 FAMILY FARM TAX CREDIT FUND.

2     The family farm tax credit fund is created in the office of  
3 the treasurer of state. There is appropriated to the fund  
4 from funds in the general fund not otherwise appropriated the  
5 sum of thirteen million five hundred thousand dollars. Any  
6 balance in the fund on June 30 shall revert to the general  
7 fund.

8     Sec. 8. NEW SECTION. 425A.2 DEFINITIONS.

9     As used in this chapter, unless the context otherwise  
10 requires:

11     1. "Agricultural land" means land in tracts of ten acres  
12 or more excluding any buildings or other structures located on  
13 the land, and not laid off into lots of less than ten acres or  
14 divided by streets and alleys into parcels of less than ten  
15 acres, lying within a school corporation and in good faith  
16 used for agricultural or horticultural purposes. Any land in  
17 tracts laid off or platted into lots of less than ten acres  
18 belonging to and a part of other lands of more than ten acres  
19 and in good faith used for agricultural or horticultural  
20 purposes is entitled to the benefits of this chapter.

21     2. "Owner" means any of the following:

22     a. An individual who holds the fee simple title to the  
23 agricultural land.

24     b. An individual who owns the agricultural land under a  
25 contract of purchase which has been recorded in the office of  
26 the county recorder of the county in which the agricultural  
27 land is located.

28     c. An individual who owns the agricultural land under  
29 devise or by operation of the inheritance laws, where the  
30 whole interest passes or where the divided interest is shared  
31 only by individuals related or formerly related to each other  
32 by blood, marriage, or adoption.

33     d. An individual who owns the agricultural land under a  
34 deed which conveys a divided interest, where the divided  
35 interest is shared only by individuals related or formerly

1 related to each other by blood, marriage, or adoption.

2 e. A partnership where all partners are related or  
3 formerly related to each other by blood, marriage, or  
4 adoption.

5 f. A family farm corporation or authorized farm  
6 corporation, as both are defined in section 172C.1, which owns  
7 the agricultural land.

8 3. "Actively engaged in farming" means satisfying all of  
9 the following conditions:

10 a. The person receives or has the right to receive all of  
11 the crop production from more than one-half of the tract.

12 b. The person materially participated in the production of  
13 the crops, as defined in section 469(h), except paragraphs (3)  
14 and (4), of the Internal Revenue Code, as defined in section  
15 422.3 and regulations adopted for the applicable paragraphs of  
16 that section.

17 However, a person performing activities in the capacity of  
18 a lessor, whether under a cash or crop share lease, is not  
19 actively engaged in farming on the area of the tract covered  
20 by the lease.

21 4. "Eligible tract" or "eligible tract of agricultural  
22 land" means an area of agricultural land which is described on  
23 the property tax list as subject to property taxes and which  
24 meets the requirements of section 425A.3, subsection 2.

\* 25 Sec. 9. NEW SECTION. 425A.5 WHERE CREDIT GIVEN.

26 1. The family farm tax credit fund shall be apportioned  
27 each year in the manner provided in this chapter so as to give  
28 a credit against the tax on each eligible tract of  
29 agricultural land within the several school districts of the  
30 state in which the levy for the general school fund exceeds  
31 five dollars and forty cents per thousand dollars of assessed  
32 value. The amount of the credit on each eligible tract of  
33 agricultural land shall be the amount the tax levied for the  
34 general school fund exceeds the amount of tax which would be  
35 levied on each eligible tract of agricultural land were the

1 levy for the general school fund five dollars and forty cents  
2 per thousand dollars of assessed value for the previous year.  
3 However, in the case of a deficiency in the family farm tax  
4 credit fund to pay the credits in full, the credit on each  
5 eligible tract of agricultural land in the state shall be  
6 proportionate and applied as provided in this chapter.

7 2. A tract of agricultural land is eligible for the amount  
8 of credit computed under subsection 1 if the following persons  
\* 9 were actively engaged in farming during the fiscal year  
10 preceding the fiscal year in which the auditor computes the  
11 amount of credit under section 425A.5 for which the tract  
12 would be eligible, owned the tract on June 30 of that  
13 preceding fiscal year, and have filed an application for the  
14 credit as provided in section 425A.4:

15 a. The owner, owner's spouse, owner's child or stepchild,  
16 or the spouse of the owner's child or stepchild.

17 b. If the owner is a partnership, a partner or the  
18 partner's spouse.

19 c. If the owner is a family farm corporation, a family  
20 member who is a shareholder of the family farm corporation or  
21 the shareholder's spouse.

22 d. If the owner is an authorized farm corporation, a  
23 shareholder who owns at least fifty-one percent of the stock  
24 of the authorized farm corporation or the shareholder's  
25 spouse.

\* 26 3. The county board of supervisors shall determine the  
27 eligibility of each tract for which an application is  
28 received. If the person designated in subsection 2, paragraph  
29 "a", "b", "c", or "d" was, during the fiscal year specified in  
30 subsection 2, actively engaged in farming on more than one-  
31 half of the tract or if the tract was subject to a federal  
32 program pertaining to agricultural land and the person was in  
33 general control of the tract, the county board shall approve  
34 the application if all other requirements for eligibility in  
35 this chapter have been met.



1       Sec. 10. NEW SECTION. 425A.4 CLAIM FOR CREDIT.

2       1. The family farm tax credit allowed on agricultural land  
3 under section 425A.3, subsection 1, shall only be granted upon  
4 tracts of agricultural land on which the persons designated in  
5 section 425A.3, subsection 2, paragraphs "a", "b", "c", and  
\*6 "d" were actively engaged in farming, and for which the  
7 persons have filed an application for the credit for each  
8 tract. To apply for the credit, the person shall each year on  
9 or before October 1 deliver to the county assessor, on forms  
10 furnished by the assessor, a verified statement and  
11 designation of the tracts of agricultural land for which the  
12 credit is claimed. The auditor shall return the statement and  
13 designation on October 15 of each year to the county board of  
14 supervisors with a recommendation for allowance or  
15 disallowance. However, the deadline for filing claims in the  
16 1990 calendar year shall be December 1, 1990, and the assessor  
17 shall return the statements and designations to the county  
18 board of supervisors on December 15, 1990.

19       2. The county board of supervisors in each county shall  
20 examine all claims delivered to county assessors, and shall  
21 either allow or disallow the claims, and if disallowed shall  
22 send notice of disallowance by certified mail to the claimant  
23 at the claimant's last known address. The claimant may appeal  
24 the decision of the board to the district court in which the  
25 tract for which the credit is claimed is situated by giving  
26 written notice of the appeal to the county assessor within  
27 twenty days from the date of the mailing of the notice of the  
28 decision of the board of supervisors.

29       Sec. 11. NEW SECTION. 425A.5 COMPUTATION BY AUDITOR --  
30 APPEAL.

31       The family farm tax credit allowed each year shall be  
32 computed as follows: On or before June 1, the county auditor  
33 shall list by school districts all tracts of agricultural land  
34 which are entitled to credit, the taxable value for the  
35 previous year, the budget from each school district for the

1 previous year, and the tax rate determined for the general  
2 fund of the school district in the manner prescribed in  
3 section 444.3 for the previous year, and if the tax rate is in  
4 excess of five dollars and forty cents per thousand dollars of  
5 assessed value, the auditor shall multiply the tax levy which  
6 is in excess of five dollars and forty cents per thousand  
7 dollars of assessed value by the total taxable value of the  
8 agricultural land entitled to credit in the school district,  
9 and on or before June 1, certify the total amount of credit  
10 and the total number of acres entitled to the credit to the  
11 department of revenue and finance.

\* 12 Sec. 12. NEW SECTION. 425A.6 WARRANTS DRAWN BY DIRECTOR.

13 After receiving from the county auditors the certifications  
14 provided for in section 425A.5, and during the following  
15 fiscal year, the director of revenue and finance shall draw  
16 warrants on the family farm tax credit fund created in section  
17 425A.1, payable to the county treasurers in the amount  
18 certified by the county auditors of the respective counties  
19 and mail the warrants to the county auditors on August 15 of  
20 each year taking into consideration the relative budget and  
21 cash position of the state resources. However, if the family  
22 farm tax credit fund is insufficient to pay in full the total  
23 of the amounts certified to the director of revenue and  
24 finance, the director shall prorate the fund to the county  
25 treasurers and shall notify the county auditors of the pro  
26 rata percentage on or before August 1.

27 Sec. 13. NEW SECTION. 425A.7 APPORTIONMENT BY AUDITOR.

28 Upon receiving the pro rata percentage from the director of  
29 revenue and finance, the county auditor shall determine the  
30 amount to be credited to each tract of agricultural land, and  
31 shall enter upon tax lists as a credit against the tax levied  
32 on each tract of agricultural land on which there has been  
33 made an allowance of credit before delivering the tax lists to  
34 the county treasurer. Upon receipt of the director's warrant  
35 by the county auditor, the auditor shall deliver the warrant

1 to the county treasurer for apportionment. The county  
2 treasurer shall show on each tax receipt the amount of tax  
3 credit for each tract of agricultural land. In case of change  
4 of ownership the credit shall follow the title.

5 Sec. 14. NEW SECTION. 425A.8 FALSE CLAIM --PENALTY.

6 A person making a false claim or affidavit with fraudulent  
7 intent to obtain the credit under section 425A.3, subsection  
8 2, is guilty of a fraudulent practice and the claim shall be  
9 disallowed in full. If the credit has been paid, the amount  
10 of the credit plus a penalty equal to twenty-five percent of  
11 the amount of credit plus interest, at the rate in effect  
12 under section 421.7, from the time of payment shall be  
13 collected by the county treasurer in the same manner as other  
14 property taxes, penalty, and interest are collected and when  
15 collected shall be paid to the director of revenue and  
16 finance.

17 Sec. 15. COUNTY CHART OF ACCOUNTS -- DEPARTMENT OF REVENUE  
18 AND FINANCE AND STATE AUDITOR.

19 The department of revenue and finance and the office of the  
20 auditor of state shall utilize the recommendations of the  
21 county finance committee in revising the county chart of  
22 accounts to comply with the provisions of section 225C.30  
23 regarding documentation of community-based services provided  
24 to persons with chronic mental illness. The revisions in the  
25 county chart of accounts applicable to the fiscal year  
26 beginning July 1, 1991, shall be completed on or before  
27 November 1, 1990.

28 Sec. 16. STATE ASSISTANCE TO COUNTIES FUND FOR SERVICES TO  
29 PERSONS WITH CHRONIC MENTAL ILLNESS --INITIAL PROVISIONS.

30 In order to receive moneys in the fiscal year beginning  
31 July 1, 1991, from the state assistance to counties fund for  
32 services to persons with chronic mental illness, a county must  
33 submit the documentation required in section 225C.30 in the  
34 fiscal year beginning July 1, 1990.

35 Sec. 17.

1 The department of human services may adopt administrative  
2 rules under section 17A.4, subsection 2, and section 17A.5,  
3 subsection 2, paragraph "b", to implement section 2 of this  
4 Act. Rules adopted pursuant to section 2 of this Act relating  
5 to documentation from the counties shall become effective  
6 immediately upon filing, unless a later effective date is  
7 specified in the rules. The rules shall also be published as  
8 notice of intended action as provided in section 17A.4.

9 Sec. 18.

10 The legislative council is requested to establish an  
11 interim study committee that would recommend phasing in of a  
12 state-county funding formula to be implemented over a 15-year  
13 period. Components of the formula shall include case  
14 management and community-based facilities and the costs of  
15 services for chronic mental illness and other mental health  
16 programs.

17 Sec. 19.

18 Sections 1, 3, 5, and 6 of this Act are effective January  
19 1, 1991, for mobile home tax claims and property tax credit  
20 claims filed on or after that date. Section 5 of this Act is  
21 applicable to rent reimbursement claims filed on or after  
22 January 1, 1992. Section 3 of this Act is also applicable to  
23 rent reimbursement claims filed on or after January 1, 1992.

24 Sec. 20.

\* 25 Sections 7 through 14 are effective January 1, 1991, for  
\* 26 family farm tax credits allowed for property taxes payable in  
27 fiscal years beginning on or after July 1, 1991.

28 Sec. 21.

29 Section 2 of this Act takes effect July 1, 1991.

30 Sec. 22.

31 Section 4 of this Act is applicable for assessment years  
32 beginning on or after July 1, 1991.

33

34

35

## HOUSE FILE 2554

S-5877

- 1 Amend House File 2554, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. By striking page 1, line 1 through page 2,  
4 line 8.  
5 2. Page 3, by inserting after line 34, the  
6 following:  
7 "Sec. \_\_\_\_ . Section 257.3, subsections 1 and 2,  
8 Code Supplement 1989, are amended to read as follows:  
9 1. AMOUNT OF TAX. Except as provided in  
10 subsection 2, a school district shall cause to be  
11 levied each year, for the school general fund, a  
12 foundation property tax equal to five dollars and  
13 ~~forty-cents~~ per thousand dollars of assessed valuation  
14 on all taxable property in the district. The county  
15 auditor shall spread the foundation levy over all  
16 taxable property in the district.  
17 2. AMOUNT FOR REORGANIZED AND DISSOLVED DISTRICTS.  
18 Reorganized school districts that met the requirements  
19 of section 442.2, subsection 1, Code 1989, prior to  
20 July 1, 1989, and had reduced property tax rates shall  
21 continue to have the reduced levies that they would  
22 have had under section 442.2, subsection 1, Code 1989,  
23 and those levies shall continue to increase twenty  
24 cents per year as provided in that subsection, except  
25 that those levies shall not increase above five  
26 dollars per thousand dollars of assessed valuation."  
27 3. By striking page 3, line 35 through page 14,  
28 line 16.  
29 4. Page 15, by striking lines 17 through 27.  
30 5. Page 15, by striking lines 30 through 32.  
31 6. Title page, by striking lines 4 through 8 and  
32 inserting the following: "the school foundation  
33 property tax levy rate, and providing an effective  
34 date."

By RAY TAYLOR

S-5877 FILED APRIL 3, 1990  
RULED OUT OF ORDER (p. 1500)

## HOUSE FILE 2554

S-5873

1 Amend the amendment, S-5860, to House File 2554, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 1, by striking line 4 and inserting the  
5 following: "line 34 and inserting the following:  
6 "Sec. 50. NEW SECTION. 225C.30 REIMBURSEMENT OF  
7 COUNTIES FOR MENTAL HEALTH SERVICES FUND.

8 1. A reimbursement of counties for mental health  
9 services fund is established in the office of the  
10 treasurer of state, which shall consist of the amounts  
11 appropriated to the fund by the general assembly. The  
12 fund is established to incrementally increase  
13 reimbursement of counties for their expenditures for  
14 mental health, mental retardation, and developmental  
15 disabilities expenditures over a period of ten years  
16 until the state assumes the entire financial  
17 responsibility for funding these services.

18 2. In order to be reimbursed for mental health,  
19 mental retardation, and developmental disabilities  
20 expenditures, a county shall submit an itemized  
21 statement of its expenditures to the division each  
22 quarter. The county is entitled to reimbursement for  
23 the expenditures from the reimbursement of counties  
24 for mental health services fund as follows:

25 a. In the fiscal year beginning July 1, 1992, ten  
26 percent.

27 b. In the fiscal year beginning July 1, 1993,  
28 twenty percent.

29 c. In the fiscal year beginning July 1, 1994,  
30 thirty percent.

31 d. In the fiscal year beginning July 1, 1995,  
32 forty percent.

33 e. In the fiscal year beginning July 1, 1996,  
34 fifty percent.

35 f. In the fiscal year beginning July 1, 1997,  
36 sixty percent.

37 g. In the fiscal year beginning July 1, 1998,  
38 seventy percent.

39 h. In the fiscal year beginning July 1, 1999,  
40 eighty percent.

41 i. In the fiscal year beginning July 1, 2000,  
42 ninety percent.

43 j. In the fiscal year beginning July 1, 2001, and  
44 succeeding fiscal years, one hundred percent.

45 3. As soon after the county's quarterly statement  
46 of expenditures for mental health, mental retardation,  
47 and developmental disabilities services is submitted  
48 pursuant to subsection 2, as reasonably possible, the  
49 administrator shall certify to the director of revenue  
50 and finance the amount to which a county is entitled

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Page 2

1 from the state assistance to counties fund and the  
 2 director of revenue and finance shall issue warrants  
 3 in the amounts certified, drawn upon the fund in favor  
 4 of the respective counties.

5 4. Nothing in this section is intended by the  
 6 general assembly to be the provision of a fair and  
 7 equitable funding formula specified in 1985 Iowa Acts,  
 8 chapter 249, section 9. Nothing in this section shall  
 9 be construed, is intended, or shall imply a claim of  
 10 entitlement to any programs or services specified in  
 11 section 225C.28."

12 2. Page 2, line 29, by inserting after the figure  
 13 "1992" the following: "pursuant to section 225C.30".

14 3. Page 2, by inserting after line 47 the  
 15 following:

16 "\_\_\_\_. Page 15, by inserting after line 29 the  
 17 following:

18 "Sec. \_\_\_\_.

19 Section 50 of this Act takes effect July 1, 1992."

20 4. By renumbering as necessary.

By CALVIN O. HULTMAN

JOHN W. JENSEN

DALE L. TIEDEN

RAY TAYLOR

PAUL D. PATE

RICHARD VANDE HOEF

MARK R. HAGERLA

WILMER RENSINK

JACK W. HESTER

LINN FUHRMAN

MAGGIE TINSMAN

JOY CORNING

JACK RIFE

JIM LIND

RICHARD F. DRAKE

H. KAY HEDGE

NORMAN J. GOODWIN

JULIA GENTLEMAN

S-5873 FILED APRIL 3, 1990

LOST (p. 1501)

#### HOUSE FILE 2554

S-5874

1 Amend the amendment, S-5860, to House File 2554, as  
 2 amended, passed, and reprinted by the Senate, as  
 3 follows:

4 1. Page 2, line 31, by inserting after the word  
 5 "assures" the following: "funding for the bill of  
 6 rights in sections 225C.25 through 225C.28 and".

By JOE WELSH

WILLIAM W. DIELEMAN

S-5874 FILED APRIL 3, 1990

ADOPTED (p. 1501)

## HOUSE FILE 2554

S-5872

1 Amend House File 2554, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 3, by inserting after line 34, the  
4 following:

5 "Sec. 100. Section 425.11, subsection 2, Code  
6 Supplement 1989, is amended to read as follows:

7 2. The word "owner" shall mean the person who  
8 holds the fee simple title to the homestead, and in  
9 addition shall mean the person occupying as a  
10 surviving spouse or the person occupying under a  
11 contract of purchase which contract has been recorded  
12 in the office of the county recorder of the county in  
13 which the property is located, or the person occupying  
14 the homestead under devise or by operation of the  
15 inheritance laws where the whole interest passes or  
16 where the divided interest is shared only by persons  
17 related or formerly related to each other by blood,  
18 marriage or adoption, or the person occupying the  
19 homestead is a shareholder of a family farm  
20 corporation that owns the property, or the person  
21 occupying the homestead under a deed which conveys a  
22 divided interest where the divided interest is shared  
23 only by persons related or formerly related to each  
24 other by blood, marriage or adoption or where the  
25 person occupying the homestead holds a life estate  
26 with the reversion interest held by a nonprofit  
27 corporation organized under chapter 504A, provided  
28 that the holder of the life estate is liable for and  
29 pays property tax on the homestead or where the person  
30 occupying the homestead holds an interest in a  
31 horizontal property regime under chapter 499B,  
32 regardless of whether the underlying land committed to  
33 the horizontal property regime is in fee or as a  
34 leasehold interest, provided that the holder of the  
35 interest in the horizontal property regime is liable  
36 for and pays property tax on the homestead. For the  
37 purpose of this chapter the word "owner" shall be  
38 construed to mean a bona fide owner and not one for  
39 the purpose only of availing the person of the  
40 benefits of this chapter. In order to qualify for the  
41 homestead tax credit, evidence of ownership shall be  
42 on file in the office of the clerk of the district  
43 court or recorded in the office of the county recorder  
44 at the time the owner files with the assessor a  
45 verified statement of the homestead claimed by the  
46 owner as provided in section 425.2."

47 2. Page 15, by inserting after line 27 the  
48 following:

49 "Sec. \_\_\_\_.  
50 Section 100 of this Act is effective January 1,



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Page 2

- 1 1991, for homestead tax credits allowed for property
- 2 taxes payable in fiscal years beginning on or after
- 3 July 1, 1991."
- 4 3. Title page, line 7, by inserting after the
- 5 word "reimbursement" the following: "homestead tax
- 6 credit,".

By JACK RIFE

S-5872 FILED APRIL 3, 1990

RULED OUT OF ORDER (p. 1502)

## HOUSE FILE 2554

S-5865

- 1 Amend House File 2554, as amended, passed,
- 2 and reprinted by the House, as follows:
- 3 1. Page 12, line 12, by striking the word
- 4 "auditor" and inserting the following: "assessor".

By WILLIAM W. DIELEMAN

S-5865 FILED APRIL 3, 1990

RULED OUT OF ORDER (p. 1502)

## HOUSE FILE 2554

S-5871

- 1 Amend the amendment, S-5860, to House File 2554, as
- 2 amended, passed, and reprinted by the House, as
- 3 follows:
- 4 1. Page 2, by striking lines 1 through 3 and in-
- 5 serting the following: "began July 1, 1989. Each
- 6 county is entitled to be reimbursed for the amount of
- 7 its increase in expenditures which is equal to or less
- 8 than the maximum mental health services increase
- 9 amount calculated for the county under subsection 3.
- 10 If".

By WILLIAM W. DIELEMAN  
CHARLES BRUNER

S-5871 FILED APRIL 3, 1990

ADOPTED (p. 1501)

## HOUSE FILE 2554

S-5860

1 Amend House File 2554, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. By striking page 2, line 9, through page 3,  
4 line 34.

5 2. Page 4, line 21, by inserting after the word  
6 "estate" the following: "and was not claimed as a  
7 dependent on any other person's tax return for the  
8 base year".

9 3. By striking page 9, line 1, through page 15,  
10 line 16, and inserting the following:

11 "Sec. 100. SPECIAL MENTAL HEALTH SERVICES FUND.

12 There is appropriated from the general fund of the  
13 state for the fiscal year beginning July 1, 1991, and  
14 ending June 30, 1992, the following amount, or so much  
15 thereof as is necessary, to be used for the purpose  
16 designated:

17 For the special mental health services fund:

18 ..... \$ 20,000,000

19 1. A special mental health services fund to  
20 reimburse counties for certain expenditures for mental  
21 health, mental retardation, and developmental  
22 disabilities services in accordance with this section  
23 is established in the office of the treasurer of  
24 state. The fund is established to reduce the growth  
25 of county expenditures for mental health services.

26 2. The department shall calculate a statewide  
27 mental health services increase percent by identifying  
28 the percent by which the total amount expended by  
29 counties for mental health services in the fiscal year  
30 which began July 1, 1990, exceeds the total amount  
31 expended by counties for mental health services in the  
32 fiscal year which began July 1, 1989, plus an  
33 additional 2 percent. The department shall use the  
34 financial reports submitted by counties for purposes  
35 of the state mental health and mental retardation  
36 services fund and for the state candidate services  
37 fund as the source of the financial calculation.

38 3. The department shall calculate a county maximum  
39 mental health services increase amount for each county  
40 by multiplying the statewide mental health services  
41 increase percent by the amount the county expended for  
42 mental health services in the fiscal year which began  
43 July 1, 1990, using the county's financial reports in  
44 the manner provided in subsection 2.

45 4. By utilizing a county's financial reports in  
46 the manner provided in subsection 2, the department  
47 shall calculate the amount each county's expenditures  
48 for mental health services in the fiscal year which  
49 began July 1, 1990, increased over the amount of its  
50 expenditures for this purpose in the fiscal year which

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Page 2

1 began July 1, 1989. For each county for which the  
2 county expenditures increase was less than the maximum  
3 mental health services increase amount under  
4 subsection 3, the county is entitled to be reimbursed  
5 from the special mental health services fund in an  
6 amount equal to the actual expenditures increase. If  
7 the moneys in the special mental health services fund  
8 are insufficient to make the full payments under this  
9 subsection, the department shall prorate the payments.

10 5. As soon as reasonably possible after a county's  
11 payments eligibility for reimbursement under subsec-  
12 tion 4 is determined, the department shall certify to  
13 the director of revenue and finance the amounts of the  
14 payments eligible for reimbursement and the director  
15 shall issue warrants in the amounts certified, drawn  
16 upon the special mental health services fund in favor  
17 of the respective counties.

18 6. A county which receives moneys from the special  
19 mental health services fund shall include in each  
20 property tax statement to property owners in the  
21 county, written verification listing the amount of  
22 moneys received from the fund and the property tax  
23 rate reduction that may have been applied to the  
24 property tax statements.

25 Sec. \_\_\_\_ . INTERIM COMMITTEE REQUESTED.

26 The legislative council is requested to establish  
27 an interim committee to develop a funding formula for  
28 state participation in mental health service funding  
29 for fiscal years beginning on or after July 1, 1992.  
30 The committee shall develop a fair and equitable  
31 funding formula that assures that responsibility for  
32 funding services is tied to administrative control and  
33 oversight of services and that financial incentives  
34 are directed toward providing care and services within  
35 the community and in community settings. It is the  
36 intent of the general assembly that services be  
37 locally administered and governed to the extent  
38 possible, consistent with the principles established  
39 in the bill of rights of persons with mental  
40 retardation, developmental disabilities, or chronic  
41 mental illness. The committee shall submit to the  
42 general assembly on January 2, 1991, a report  
43 containing its proposal for a fair and equitable  
44 funding formula."

45 4. Page 15, by striking lines 24 through 27.

46 5. Page 15, line 29, by striking the figure "2"  
47 and inserting the following: "100".

48 6. Title page, by striking line 3 and inserting  
49 the following: "mental health services, by  
50 modifying".

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Page 3

- 1 7. Title page, by striking lines 7 and 8 and
- 2 inserting the following: "reimbursement; and
- 3 providing effective and applicability dates."
- 4 8. By renumbering as necessary.

By WILLIAM W. DIELEMAN  
BERL E. PRIEBE  
EMIL J. HUSAK

WILLIAM D. PALMER  
CHARLES BRUNER

S-5860 FILED APRIL 3, 1990

ADOPTED *as amended by SC 1175874 4/3 (p. 1502)*

## HOUSE FILE 2554

S-5848

1 Amend House File 2554 as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 3, by inserting after line 34 the  
4 following:  
5 "Sec. \_\_\_\_ . NEW SECTION. 331.426A MENTAL HEALTH  
6 SERVICES LIMITATION -- STATE OBLIGATION.  
7 1. The amount that a county may expend to pay the  
8 charges for services under the mental health programs  
9 in existence on July 1, 1990, from the receipts from  
10 property taxes levied under this part of division IV  
11 shall not exceed the amount expended in the fiscal  
12 year beginning July 1, 1991, to pay the charges for  
13 services under the mental health programs in existence  
14 on July 1, 1990, from the receipts from property taxes  
15 levied under this part of division IV.  
16 2. For fiscal years beginning on or after July 1,  
17 1992, the state shall pay the charges for services  
18 under the mental health programs in existence on July  
19 1, 1990, to the extent the county is unable to pay the  
20 charges as a result of the limitation imposed under  
21 subsection 1.  
22 3. For purposes of this section, "mental health  
23 programs" includes services provided for the mentally  
24 ill, mentally retarded, and the developmentally  
25 disabled."  
26 2. Title page, line 3, by inserting after the  
27 word "ill," the following: "limiting the amount of  
28 property taxes that may be expended for services under  
29 certain mental health programs,".

By JOHN W. JENSEN

S-5848 FILED APRIL 3, 1990  
RULED OUT OF ORDER (p. 1502)

## HOUSE FILE 2554

S-5849

1 Amend House File 2554, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 13, line 7, by striking the words "total  
4 taxable value" and inserting the following: "taxable  
5 value, not to exceed six hundred dollars per acre and  
6 three hundred thousand dollars per claim,".

By JOHN W. JENSEN

S-5849 FILED APRIL 3, 1990  
RULED OUT OF ORDER (p. 1502)

SENATE AMENDMENT TO HOUSE FILE 2554

H-6092

1 Amend House File 2554, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. By striking page 2, line 9, through page 3,  
4 line 34.

5 2. Page 4, line 21, by inserting after the word  
6 "estate" the following: "and was not claimed as a  
7 dependent on any other person's tax return for the  
8 base year".

9 3. By striking page 9, line 1, through page 15,  
10 line 16, and inserting the following:

11 "Sec. 100. SPECIAL MENTAL HEALTH SERVICES FUND.

12 There is appropriated from the general fund of the  
13 state for the fiscal year beginning July 1, 1991, and  
14 ending June 30, 1992, the following amount, or so much  
15 thereof as is necessary, to be used for the purpose  
16 designated:

17 For the special mental health services fund:

18 ..... \$ 20,000,000

19 1. A special mental health services fund to  
20 reimburse counties for certain expenditures for mental  
21 health, mental retardation, and developmental  
22 disabilities services in accordance with this section  
23 is established in the office of the treasurer of  
24 state. The fund is established to reduce the growth  
25 of county expenditures for mental health services.

26 2. The department shall calculate a statewide  
27 mental health services increase percent by identifying  
28 the percent by which the total amount expended by  
29 counties for mental health services in the fiscal year  
30 which began July 1, 1990, exceeds the total amount  
31 expended by counties for mental health services in the  
32 fiscal year which began July 1, 1989, plus an  
33 additional 2 percent. The department shall use the  
34 financial reports submitted by counties for purposes  
35 of the state mental health and mental retardation  
36 services fund and for the state candidate services  
37 fund as the source of the financial calculation.

38 3. The department shall calculate a county maximum  
39 mental health services increase amount for each county  
40 by multiplying the statewide mental health services  
41 increase percent by the amount the county expended for  
42 mental health services in the fiscal year which began  
43 July 1, 1990, using the county's financial reports in  
44 the manner provided in subsection 2.

45 4. By utilizing a county's financial reports in  
46 the manner provided in subsection 2, the department  
47 shall calculate the amount each county's expenditures  
48 for mental health services in the fiscal year which  
49 began July 1, 1990, increased over the amount of its  
50 expenditures for this purpose in the fiscal year which

1 began July 1, 1989. Each county is entitled to be  
 2 reimbursed for the amount of its increase in  
 3 expenditures which is equal to or less than the  
 4 maximum mental health services increase amount  
 5 calculated for the county under subsection 3. If the  
 6 moneys in the special mental health services fund are  
 7 insufficient to make the full payments under this  
 8 subsection, the department shall prorate the payments.

9 5. As soon as reasonably possible after a county's  
 10 payments eligibility for reimbursement under subsec-  
 11 tion 4 is determined, the department shall certify to  
 12 the director of revenue and finance the amounts of the  
 13 payments eligible for reimbursement and the director  
 14 shall issue warrants in the amounts certified, drawn  
 15 upon the special mental health services fund in favor  
 16 of the respective counties.

17 6. A county which receives moneys from the special  
 18 mental health services fund shall include in each  
 19 property tax statement to property owners in the  
 20 county, written verification listing the amount of  
 21 moneys received from the fund and the property tax  
 22 rate reduction that may have been applied to the  
 23 property tax statements.

24 Sec. \_\_\_\_ . INTERIM COMMITTEE REQUESTED.

25 The legislative council is requested to establish  
 26 an interim committee to develop a funding formula for  
 27 state participation in mental health service funding  
 28 for fiscal years beginning on or after July 1, 1992.  
 29 The committee shall develop a fair and equitable  
 30 funding formula that assures funding for the bill of  
 31 rights in sections 225C.25 through 225C.28 and that  
 32 responsibility for funding services is tied to  
 33 administrative control and oversight of services and  
 34 that financial incentives are directed toward  
 35 providing care and services within the community and  
 36 in community settings. It is the intent of the  
 37 general assembly that services be locally administered  
 38 and governed to the extent possible, consistent with  
 39 the principles established in the bill of rights of  
 40 persons with mental retardation, developmental  
 41 disabilities, or chronic mental illness. The  
 42 committee shall submit to the general assembly on  
 43 January 2, 1991, a report containing its proposal for  
 44 a fair and equitable funding formula."

45 4. Page 15, by striking lines 24 through 27.

46 5. Page 15, line 29, by striking the figure "2"  
 47 and inserting the following: "100".

48 6. Title page, by striking line 3 and inserting  
 49 the following: "mental health services, by  
 50 modifying".

1 7. Title page, by striking lines 7 and 8 and  
 2 inserting the following: "reimbursement; and  
 3 providing effective and applicability dates."

4 8. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-6092 FILED APRIL 3, 1990  
 House refused to concur 4/5 (p. 1985)  
 Senate inserted 4/5 (p. 1582)

**HOUSE FILE 2554  
AMENDMENT H-6092 TO HOUSE FILE 2554  
FISCAL NOTE**

A fiscal note for Senate Amendment H-6092 to House File 2554 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate Amendment H-6092 to House File 2554 strikes language providing for \$5.0 million in state aid to counties for mental health costs, and strikes language creating the family farm tax credit. The amendment adds language making individuals who are declared as dependents on any other's tax return ineligible for the reduced extraordinary credit for those age 18 to 64 provided for under the bill.

The bill also creates a special mental health services fund to reimburse counties for certain expenditures for mental health, mental retardation, and developmental disabilities services. \$20.0 million is appropriated to this fund for reimbursement to the counties.

Fiscal Effect--H.F. 2554 as Amended by H-6092

FY 1992, millions

Extraordinary Credit Changes	
Elderly/Disabled Relief Increase:	\$ 3.0
Relief for those age 18-64:	\$12.0 - \$14.0
State Aid for Mental Health Costs:	\$20.0
Disabled Vet Credit Increase	minimal
TOTAL	<u>\$35.5 - \$37.5</u>

Sources: Department of Revenue and Finance  
Legislative Tax Model

(LSB 8407hv.5, PDD)

FILED APRIL 4, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR



REPORT OF THE CONFERENCE COMMITTEE  
ON HOUSE FILE 2554

To the Speaker of the House of Representatives and the President of the Senate:

We, the undersigned members of the conference committee appointed to resolve the differences between the House of Representatives and the Senate on House File 2554, a bill for An Act relating to county tax and services provisions by appropriating funds for state assistance to counties for certain services to the chronically mentally ill, by modifying the mobile home tax reduction for the elderly and disabled, the property tax credit and rent reimbursement for the elderly and disabled, by increasing the amount of credit and reimbursement, creating a family farm tax credit, and providing a penalty, and effective and applicability dates, respectfully make the following report:

1. That the Senate recedes from its amendment, H-6092.

2. That House File 2554, as amended, passed and reprinted by the House, is amended as follows:

1. By striking page 2, line 9, through page 3, line 34, and inserting the following:

"Sec. \_\_\_\_ . NEW SECTION. Section 331.438 MENTAL HEALTH SERVICES EXPENDITURES FROZEN.

In the event the Seventy-fourth General Assembly does not enact legislation to implement a funding formula for state participation in funding of mental health, mental retardation, and developmental disabilities services which takes effect in the fiscal year beginning July 1, 1992, the mental health, mental retardation, and developmental disabilities services expenditures of counties shall be frozen in the amount the counties expended for those services in the fiscal year beginning July 1, 1991. The expenses in excess of the frozen amount shall be paid for by the state in a timely manner that is not disruptive to persons providing or receiving services.

Sec. \_\_\_\_ . Section 333A.3, subsection 3, Code 1989, is

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amended to read as follows:

3. The committee shall select its own officers and meet at the call of the director of the department of management or at the request of a majority of the board.

Sec. \_\_\_\_ . Section 384.15, subsection 2, Code 1989, is amended to read as follows:

2. Select its officers and meet at the call of the director of the department of management or ~~upon-an-appeal-of-the director's-decision~~ at the request of a majority of the board.

Sec. 100. Section 425.11, subsection 2, Code Supplement 1989, is amended to read as follows:

2. The word "owner" shall mean the person who holds the fee simple title to the homestead, and in addition shall mean the person occupying as a surviving spouse or the person occupying under a contract of purchase which contract has been recorded in the office of the county recorder of the county in which the property is located, or the person occupying the homestead under devise or by operation of the inheritance laws where the whole interest passes or where the divided interest is shared only by persons related or formerly related to each other by blood, marriage or adoption, or the person occupying the homestead is a shareholder of a family farm corporation that owns the property, or the person occupying the homestead under a deed which conveys a divided interest where the divided interest is shared only by persons related or formerly related to each other by blood, marriage or adoption or where the person occupying the homestead holds a life estate with the reversion interest held by a nonprofit corporation organized under chapter 504A, provided that the holder of the life estate is liable for and pays property tax on the homestead or where the person occupying the homestead holds an interest in a horizontal property regime under chapter 499B, regardless of whether the underlying land committed to the horizontal property regime is in fee or as a leasehold interest, provided that the holder of the interest in the horizontal property

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regime is liable for and pays property tax on the homestead. For the purpose of this chapter the word "owner" shall be construed to mean a bona fide owner and not one for the purpose only of availing the person of the benefits of this chapter. In order to qualify for the homestead tax credit, evidence of ownership shall be on file in the office of the clerk of the district court or recorded in the office of the county recorder at the time the owner files with the assessor a verified statement of the homestead claimed by the owner as provided in section 425.2."

2. Page 4, line 21, by inserting after the word "estate" the following: "and was not claimed as a dependent on any other person's tax return for the base year".

3. Page 9, line 5, by striking the words "thirteen million five hundred thousand" and inserting the following: "ten million".

4. Page 10, by inserting after line 24 the following:  
 "\_\_\_ . "Crop" or "crop production" includes pastureland."

5. By striking page 14, line 17 through page 15, line 16, and inserting the following:

"Sec. 200. SPECIAL MENTAL HEALTH SERVICES FUND.

There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1991, and ending June 30, 1992, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the special mental health services fund:

..... \$ 10,500,000

1. A special mental health services fund to reimburse counties for expenditures for mental health, mental retardation, and developmental disabilities services in accordance with this section is established in the office of the treasurer of state. The fund is established to reduce the growth of county expenditures for mental health services.

2. In order to be reimbursed from the special mental health services fund, a county shall document its expenditures for

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mental health, mental retardation, and developmental disabilities services.

3. The general assembly recognizes the importance of providing appropriate services to persons with disabilities in a community setting and in particular encourages counties to make services from the following categories available to persons with chronic mental illness who have legal settlement within the county:

a. Case management in accordance with standards adopted by the mental health and mental retardation commission.

b. Community-based services intended to prevent institutional placement of persons with chronic mental illness.

c. Support services to assist a person with chronic mental illness in remaining in the community which may include but are not limited to medical support, crisis and emergency intervention, and efforts to improve the person's community living skills.

4. A county's documentation of expenditures shall be submitted in October 1990, with the county's annual application for a share of the general allocation of the state community mental health and mental retardation services fund pursuant to section 225C.10. A county which provides its documentation is entitled to receive the moneys in the special mental health services fund multiplied by a factor equal to the county's proportionate share of the total state population.

5. As soon after July 1, 1991, as reasonably possible, the administrator shall certify to the director of revenue and finance the amount to which a county is entitled from the special mental health services fund and the director of revenue and finance shall issue warrants in the amounts certified, drawn upon the fund in favor of the respective counties.

6. Nothing in this section is intended by the general assembly to be the provision of a fair and equitable funding formula specified in 1985 Iowa Acts, chapter 249, section 9. Nothing in this section shall be construed, is intended, or

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shall imply a claim of entitlement to any programs or services specified in section 225C.28.

Sec. \_\_\_\_ . COUNTY CHART OF ACCOUNTS.

The department of management, the mental health and mental retardation commission, and the county finance committee shall cooperate in revising the county chart of accounts to structure an accounting system that will provide for the consistent and accurate accounting of expenditures for mental health, mental retardation, and developmental disabilities services and indicate the settings in which the services are provided. The revisions in the chart of accounts applicable to the fiscal year beginning July 1, 1991, shall be completed on or before November 1, 1990.

Sec. \_\_\_\_ . INTERIM STUDY COMMITTEE REQUESTED.

The legislative council is requested to establish an interim study committee to develop a funding formula for state participation in funding of mental health, mental retardation, and developmental disabilities services for fiscal years beginning on or after July 1, 1992. The committee shall develop a funding formula that ties responsibility for funding the services to administrative control and oversight of the services and that ensures financial incentives in the formula are directed toward providing care and services to persons in communities and community settings and that appropriate services are available to all persons across the state. In its deliberations, the committee may also consider development of a fair and equitable funding formula for the bill of rights contained in chapter 225C. The committee shall submit to the general assembly on January 2, 1991, a report containing its proposal for a funding formula."

6. Page 15, by inserting after line 27 the following:

"Sec. \_\_\_\_ .

Section 100 of this Act is effective January 1, 1991, for homestead tax credits allowed for property taxes payable in fiscal years beginning on or after July 1, 1991."

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7. Page 15, line 29, by striking the figure "2" and inserting the following: "200".

8. Title page, by striking line 3 and inserting the following: "mental health services, by modifying the homestead tax credit,".

## ON THE PART OF THE HOUSE:

DAVID TABOR, Chairperson  
JOHN GRONINGA  
JANET METCALF  
HUGO SCHNEKLOTH  
PHILIP WISE

## ON THE PART OF THE SENATE:

WILLIAM W. DIELEMAN, Chairpers  
CHARLES BRUNER  
RICHARD F. DRAKE  
JACK W. HESTER  
EMIL J. HUSAK

CCR-2554 FILED APRIL 7, 1990

REPORT ADOPTED. (p. 2239)

*Adopted 4/7 (p. 1685)*

HSB 826

WAYS AND MEANS

HOUSE FILE 2554

BY (PROPOSED COMMITTEE ON WAYS  
AND MEANS BILL BY  
CHAIRPERSON TABOR)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the mobile home tax reduction for the elderly  
2 and disabled, the homestead tax credit, the property tax  
3 credit and rent reimbursement for the elderly and disabled, by  
4 increasing the amount of credit and reimbursement, creating a  
5 family farm tax credit, and providing a penalty, and effective  
6 and applicability dates.

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

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1 Section 1. Section 135D.22, subsection 2, Code Supplement  
 2 1989, is amended to read as follows:

3 2. If the owner of the mobile home is an Iowa resident,  
 4 was totally disabled, as defined in section 425.17, subsection  
 5 6 on or before December 31 of the base year, is a surviving  
 6 spouse having attained the age of fifty-five years on or  
 7 before December 31, 1988 or has attained the age of sixty-five  
 8 years on or before December 31 of the base year and has an  
 9 income when included with that of a spouse which is less than  
 10 five six thousand dollars per year, ~~no~~ the annual tax shall  
 11 not be imposed on the mobile home. If the income is five six  
 12 thousand dollars or more but less than ~~twelve~~ fourteen  
 13 thousand dollars, the annual tax shall be computed as follows:

14	If the Household	Annual Tax Per
15	Income is:	Square Foot:
16	<del>\$-5,000</del> -----5,999.99-----	<del>3.0</del> -cents
17	<u>\$ 6,000</u> -- 6,999.99	6-0 <u>3.0 cents</u>
18	7,000 -- 7,999.99	9-0 <u>6.0</u>
19	8,000 -- 9,999.99	<del>12-0</del> <u>10.0</u>
20	10,000 -- 11,999.99	<del>15-0</del> <u>13.0</u>
21	<u>12,000</u> -- 13,999.99	15.0

22 For purposes of this subsection "income" means income as  
 23 defined in section 425.17, subsection 1, and "base year" means  
 24 the calendar year preceding the year in which the claim for a  
 25 reduced rate of tax is filed. The mobile home reduced rate of  
 26 tax shall only be allowed on the mobile home in which the  
 27 claimant is residing at the time in which the claim for a  
 28 reduced rate of tax is filed.

29 Sec. 2. Section 425.1, subsections 2 and 4, Code 1989, are  
 30 amended to read as follows:

31 2. The homestead credit fund shall be apportioned each  
 32 year so as to give a credit against the tax on each eligible  
 33 homestead in the state in an amount equal to the actual levy  
 34 on the first ~~four~~ five thousand ~~eight~~ five hundred ~~fifty~~  
 35 twenty-five dollars of actual value for each homestead.



1 4. ~~Annually-the~~ The department of revenue and finance  
2 shall estimate the credit not to exceed the actual levy on the  
3 ~~first-four-thousand-eight-hundred-fifty-dollars~~ amount of  
4 actual value of each eligible homestead specified in  
5 subsection 2, and shall certify to the county auditor of each  
6 county the credit and its amount in dollars. Each county  
7 auditor shall then enter the credit against the tax levied on  
8 each eligible homestead in each county payable during the  
9 ensuing year, designating on the tax lists the credit as being  
10 from the homestead credit fund~~7-and-credit~~. Credit shall then  
11 be given to the several taxing districts in which eligible  
12 homesteads are located in an amount equal to the credits  
13 allowed on the taxes of the homesteads. The amount of credits  
14 shall be apportioned by each county treasurer to the several  
15 taxing districts as provided by law, in the same manner as  
16 though the amount of the credit had been paid by the owners of  
17 the homesteads. However, the several taxing districts shall  
18 not draw the funds so credited until after the semiannual  
19 allocations have been received by the county treasurer, as  
20 provided in this chapter. Each county treasurer shall show on  
21 each tax receipt the amount of credit received from the  
22 homestead credit fund.

23 Sec. 3. Section 425.23, subsection 1, Code 1989, is  
24 amended to read as follows:

25 1. The tentative credit or reimbursement shall be  
26 determined in accordance with the following schedule:

	Percent of property taxes due or rent constituting property taxes paid allowed as a credit or reimbursement:
27	
28	
29	
30 If the household	
31 income is:	
32 \$ 0 - 4,999.99	<u>5,999.99</u> ..... 100%
33 5,000---5,999.99	<u>6,000 - 6,999.99</u> ..... 85
34 6,000---6,999.99	<u>7,000 - 7,999.99</u> ..... 70
35 7,000---7,999.99	<u>8,000 - 9,999.99</u> ..... 55 <u>50</u>

1 8,000---9,999-99 10,000 - 11,999.99..... 40 35

2 ~~10,000----~~~~11,999-99~~ 12,000 - 13,999.99..... 25

3 Sec. 4. Section 425.23, subsection 3, paragraph a,  
4 Code 1989, is amended to read as follows:

5 a. Any A person who is eligible to file a claim for credit  
6 for property taxes due and who has a household income of five  
7 six thousand dollars or less and who has a special assessment  
8 levied against the homestead may file a claim with the county  
9 treasurer that the claimant had a household income of five six  
10 thousand dollars or less and that a special assessment is  
11 presently levied against the homestead. The department shall  
12 provide to the respective county treasurers such the forms as  
13 are necessary for the administration of this subsection. The  
14 claim shall be filed not later than September 30 of each year.  
15 Upon the filing of the claim, ~~no~~ a penalty or interest for  
16 late payment shall not accrue against the amount of the  
17 special assessment due and payable. The claim filed by the  
18 claimant ~~shall constitute~~ constitutes a claim for credit of an  
19 amount equal to the actual amount due and payable upon the  
20 special assessment payable during the fiscal year against the  
21 homestead of the claimant or an amount equal to the annual  
22 payment of the special assessment levied against the homestead  
23 of the claimant and payable in annual installments through the  
24 period of years provided by the governing body of the city,  
25 whichever is less. The department of revenue and finance  
26 shall, upon the filing of the claim with the department by the  
27 county treasurer, pay that amount of the special assessment  
28 during the current fiscal year to the county treasurer. The  
29 county treasurer shall submit the claims to the director of  
30 revenue and finance not later than October 15 of each year.  
31 The director of revenue and finance shall certify the amount  
32 of reimbursement due each county for special assessment  
33 credits allowed under this subsection. The amount of  
34 reimbursement due each county shall be paid by the director of  
35 revenue and finance on October 20 of each year, drawn upon

1 warrants payable to the respective county treasurer. There is  
2 appropriated annually from the general fund of the state to  
3 the department of revenue and finance an amount sufficient to  
4 carry out the provisions of this subsection. The county  
5 treasurer shall credit any moneys received from the department  
6 against the amount of the special assessment due and payable  
7 on the homestead of the claimant.

8 Sec. 5. NEW SECTION. 425A.1 FAMILY FARM TAX CREDIT FUND.

9 The family farm tax credit fund is created in the office of  
10 the treasurer of state. There is appropriated to the fund  
11 from funds in the general fund not otherwise appropriated the  
12 sum of thirteen million five hundred thousand dollars. Any  
13 balance in the fund on June 30 shall revert to the general  
14 fund.

15 Sec. 6. NEW SECTION. 425A.2 DEFINITIONS.

16 As used in this chapter, unless the context otherwise  
17 requires:

18 1. "Agricultural land" means land in tracts of ten acres  
19 or more excluding any buildings or other structures located on  
20 the land, and not laid off into lots of less than ten acres or  
21 divided by streets and alleys into parcels of less than ten  
22 acres, lying within a school corporation and in good faith  
23 used for agricultural or horticultural purposes. Any land in  
24 tracts laid off or platted into lots of less than ten acres  
25 belonging to and a part of other lands of more than ten acres  
26 and in good faith used for agricultural or horticultural  
27 purposes is entitled to the benefits of this chapter.

28 2. "Owner" means any of the following:

29 a. An individual who holds the fee simple title to the  
30 agricultural land.

31 b. An individual who owns the agricultural land under a  
32 contract of purchase which has been recorded in the office of  
33 the county recorder of the county in which the agricultural  
34 land is located.

35 c. An individual who owns the agricultural land under

1 devise or by operation of the inheritance laws, where the  
2 whole interest passes or where the divided interest is shared  
3 only by individuals related or formerly related to each other  
4 by blood, marriage, or adoption.

5 d. An individual who owns the agricultural land under a  
6 deed which conveys a divided interest, where the divided  
7 interest is shared only by individuals related or formerly  
8 related to each other by blood, marriage, or adoption.

9 e. A partnership where all partners are related or  
10 formerly related to each other by blood, marriage, or  
11 adoption.

12 f. A family farm corporation or authorized farm  
13 corporation, as both are defined in section 172C.1, which owns  
14 the agricultural land.

15 3. "Actively engaged in farming" means receiving all the  
16 production from more than one-half of the tract in question  
17 and engaging in any of the following activities:

18 a. Regularly and frequently making or taking an important  
19 part in making management decisions substantially contributing  
20 to or affecting the success of the farm operation.

21 b. Performing physical work which significantly  
22 contributes to crop or livestock production.

23 4. "Eligible tract" or "eligible tract of agricultural  
24 land" means an area of agricultural land which is described on  
25 the property tax list as subject to property taxes and which  
26 meets the requirements of section 425A.3, subsection 2.

27 Sec. 7. NEW SECTION. 425A.3 WHERE CREDIT GIVEN.

28 1. The family farm tax credit fund shall be apportioned  
29 each year in the manner provided in this chapter so as to give  
30 a credit against the tax on each eligible tract of  
31 agricultural land within the several school districts of the  
32 state in which the levy for the general school fund exceeds  
33 five dollars and forty cents per thousand dollars of assessed  
34 value. The amount of the credit on each eligible tract of  
35 agricultural land shall be the amount the tax levied for the

1 general school fund exceeds the amount of tax which would be  
2 levied on each eligible tract of agricultural land were the  
3 levy for the general school fund five dollars and forty cents  
4 per thousand dollars of assessed value for the previous year.  
5 However, in the case of a deficiency in the family farm tax  
6 credit fund to pay the credits in full, the credit on each  
7 eligible tract of agricultural land in the state shall be  
8 proportionate and applied as provided in this chapter.

9 2. A tract of agricultural land is eligible for the amount  
10 of credit computed under subsection 1 if the following persons  
11 are actively engaged in farming and have filed an application  
12 for the credit as provided in section 425A.4:

13 a. The owner or owner's spouse.

14 b. If the owner is a partnership, a partner or the  
15 partner's spouse.

16 c. If the owner is a family farm corporation, a family  
17 member who is a shareholder of the family farm corporation or  
18 the shareholder's spouse.

19 d. If the owner is an authorized farm corporation, a  
20 shareholder who owns at least twenty percent of the stock of  
21 the authorized farm corporation or the shareholder's spouse.

22 3. The county auditor shall determine the eligibility of  
23 each tract for which an application is received. If the  
24 person designated in paragraph "a", "b", "c", or "d" is  
25 actively engaged in farming on more than one-half of the tract  
26 or if the tract is subject to a federal program pertaining to  
27 agricultural land and the person is in general control of the  
28 tract, the county auditor shall approve the application if all  
29 other requirements for eligibility in this chapter have been  
30 met.

31 Sec. 8. NEW SECTION. 425A.4 CLAIM FOR CREDIT.

32 1. The family farm tax credit allowed on agricultural land  
33 under section 425A.3, subsection 2, shall only be granted upon  
34 tracts of agricultural land on which the persons designated in  
35 section 425A.3, subsection 2, paragraphs "a", "b", "c", and

1 "d" are actively engaged in farming and for which the persons  
2 have filed an application for the credit for each tract. To  
3 apply for the credit, the person shall each year on or before  
4 March 15 deliver to the county auditor, on forms furnished by  
5 the auditor, a verified statement and designation of the  
6 tracts of agricultural land for which the credit is claimed.  
7 The auditor shall return the statement and designation on  
8 March 16 of each year to the county board of supervisors with  
9 a recommendation for allowance or disallowance.

10 2. The county board of supervisors in each county shall  
11 examine all claims delivered to county auditors, and shall  
12 either allow or disallow the claims, and if disallowed shall  
13 send notice of disallowance by certified mail to the claimant  
14 at the claimant's last known address. The claimant may appeal  
15 the decision of the board in the manner provided in section  
16 425A.6.

17 Sec. 9. NEW SECTION. 425A.6 COMPUTATION BY AUDITOR --  
18 APPEAL.

19 The family farm tax credit allowed each year shall be  
20 computed as follows: On or before June 1, the county auditor  
21 shall list by school districts all tracts of agricultural land  
22 which are entitled to credit, the taxable value for the  
23 previous year, the budget from each school district for the  
24 previous year, and the tax rate determined for the general  
25 fund of the school district in the manner prescribed in  
26 section 444.3 for the previous year, and if the tax rate is in  
27 excess of five dollars and forty cents per thousand dollars of  
28 assessed value, the auditor shall multiply the tax levy which  
29 is in excess of five dollars and forty cents per thousand  
30 dollars of assessed value by the total taxable value of the  
31 agricultural land entitled to credit in the school district,  
32 and on or before June 1, certify the total amount of credit to  
33 the department of revenue and finance.

34 In the event the county auditor denies a credit upon a  
35 tract, the auditor shall immediately mail to the owner at the

1 owner's last known address notice of the decision. The owner  
2 may, within thirty days thereafter, appeal to the board of  
3 supervisors of the county wherein the land involved is  
4 situated by serving notice of appeal upon the chairperson of  
5 the board. The board shall hear the appeal promptly and shall  
6 determine anew all questions involved in the appeal and shall  
7 within ten days after the hearing, mail to the owner at the  
8 owner's last known address, notice of its decision. In the  
9 event of disallowance the owner may, within ten days from the  
10 date the notice is mailed, appeal the disallowance by the  
11 board of supervisors to the district court of that county by  
12 serving written notice of appeal on the county auditor. The  
13 appeal shall be tried de novo and may be heard in term time or  
14 vacation. The decision of the district court shall be final.

15 Sec. 10. NEW SECTION. 425A.7 WARRANTS DRAWN BY DIRECTOR.

16 After receiving from the county auditors the certifications  
17 provided for in section 425A.6, and during the following  
18 fiscal year, the director of revenue and finance shall draw  
19 warrants on the family farm tax credit fund created in section  
20 425A.1, payable to the county treasurers in the amount  
21 certified by the county auditors of the respective counties  
22 and mail the warrants to the county auditors on August 15 of  
23 each year taking into consideration the relative budget and  
24 cash position of the state resources. However, if the family  
25 farm tax credit fund is insufficient to pay in full the total  
26 of the amounts certified to the director of revenue and  
27 finance, the director shall prorate the fund to the county  
28 treasurers and shall notify the county auditors of the pro  
29 rata percentage on or before August 1.

30 Sec. 11. NEW SECTION. 425A.8 APPORTIONMENT BY AUDITOR.

31 Upon receiving the pro rata percentage from the director of  
32 revenue and finance, the county auditor shall determine the  
33 amount to be credited to each tract of agricultural land, and  
34 shall enter upon tax lists as a credit against the tax levied  
35 on each tract of agricultural land on which there has been

1 made an allowance of credit before delivering the tax lists to  
2 the county treasurer. Upon receipt of the director's warrant  
3 by the county auditor, the auditor shall deliver the warrant  
4 to the county treasurer for apportionment. The county  
5 treasurer shall show on each tax receipt the amount of tax  
6 credit for each tract of agricultural land. In case of change  
7 of ownership the credit shall follow the title.

8 Sec. 12. NEW SECTION. 425A.9 FALSE CLAIM -- PENALTY.

9 A person making a false claim or affidavit with fraudulent  
10 intent to obtain the credit under section 425A.3, subsection  
11 2, is guilty of a fraudulent practice and the claim shall be  
12 disallowed in full. If the credit has been paid, the amount  
13 of the credit plus a penalty equal to twenty-five percent of  
14 the amount of credit plus interest, at the rate in effect  
15 under section 421.7, from the time of payment shall be  
16 collected by the county treasurer in the same manner as other  
17 property taxes, penalty, and interest are collected and when  
18 collected shall be paid to the director of revenue and  
19 finance.

20 Sec. 13.

21 Sections 1, 3, and 4 of this Act are effective January 1,  
22 1991, for mobile home tax claims and property tax credit  
23 claims filed on or after that date. Sections 3 and 4 of this  
24 Act are applicable to rent reimbursement claims filed on or  
25 after January 1, 1992.

26 Sec. 14.

27 Sections 2 and 5 through 12 are effective January 1, 1991,  
28 for homestead tax credits and family farm tax credits allowed  
29 for property taxes payable in fiscal years beginning on or  
30 after July 1, 1991.

31 **EXPLANATION**

32 The bill increases the amount of mobile home tax credit,  
33 property tax credit, and reimbursement for rent constituting  
34 property taxes paid for the elderly and disabled. The bill  
35 also increases the amount of the general homestead tax credit



1 and creates a family farm tax credit.

2 The bill provides that family farm tax credit is available  
3 to certain individual or corporate owners who are actively  
4 engaged in farming. "Actively engaged in farming" means  
5 receiving all the production from more than one-half of the  
6 tract and regularly making important decisions or performing  
7 substantial physical work in regard to the farm operations.  
8 The bill imposes a penalty of 25 percent of the credit plus  
9 interest for fraudulent misrepresentation that the owner is  
10 entitled to the credit.

11 The bill takes effect January 1, 1991, for claims for the  
12 mobile home and elderly and disabled property tax credit and  
13 for the general homestead tax credit and family farm tax  
14 credit for credits payable beginning July 1, 1991. The claims  
15 for the elderly and disabled reimbursement of rent  
16 constituting property taxes paid is effective January 1, 1992,  
17 for claims filed on or after that date.

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HOUSE FILE 2554

AN ACT

RELATING TO COUNTY TAX AND SERVICES PROVISIONS BY APPROPRIATING FUNDS FOR STATE ASSISTANCE TO COUNTIES FOR MENTAL HEALTH SERVICES, BY MODIFYING THE HOMESTEAD TAX CREDIT, THE MOBILE HOME TAX REDUCTION FOR THE ELDERLY AND DISABLED, THE PROPERTY TAX CREDIT AND RENT REIMBURSEMENT FOR THE ELDERLY AND DISABLED, BY INCREASING THE AMOUNT OF CREDIT AND REIMBURSEMENT, CREATING A FAMILY FARM TAX CREDIT, AND PROVIDING A PENALTY, AND EFFECTIVE AND APPLICABILITY DATES.

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

Section 1. Section 135D.22, subsection 2, Code Supplement 1989, is amended to read as follows:

2. a. If the owner of the mobile home is an Iowa resident, was totally disabled, as defined in section 425.17, subsection 6 on or before December 31 of the base year, is a surviving spouse having attained the age of fifty-five years on or before December 31, 1988 or has attained the age of sixty-five years on or before December 31 of the base year and has an income when included with that of a spouse which is less than five six thousand dollars per year, no the annual tax shall not be imposed on the mobile home. If the income is five six thousand dollars or more but less than twelve fourteen thousand dollars, the annual tax shall be computed as follows:

If the Household	Annual Tax Per
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Income is:	Square Foot:
<del>\$ 5,000</del> ---- <del>5,999.99</del> -----	<del>3-0</del> cents
\$ 6,000 -- 6,999.99	6-0 <u>3.0 cents</u>
7,000 -- 7,999.99	9-0 <u>6.0</u>
8,000 -- 9,999.99	<u>±2-0 10.0</u>
10,000 -- 11,999.99	<u>±5-0 13.0</u>
12,000 -- 13,999.99	<u>15.0</u>

b. If the owner of the mobile home is an Iowa resident, has attained the age of eighteen years on or before December 31 of the base year but has not attained the age or disability status described in paragraph "a", and has an income when included with that of a spouse which is less than fourteen thousand dollars, the annual tax shall be computed as follows:

If the Household	Annual Tax Per
Income is:	Square Foot:
\$ 0 -- 5,999.99	10.0 cents
6,000 -- 6,999.99	11.6
7,000 -- 7,999.99	13.0
8,000 -- 9,999.99	15.0
10,000 -- 11,999.99	16.7
12,000 -- 13,999.99	17.6

For purposes of this subsection "income" means income as defined in section 425.17, subsection 1, and "base year" means the calendar year preceding the year in which the claim for a reduced rate of tax is filed. The mobile home reduced rate of tax shall only be allowed on the mobile home in which the claimant is residing at the time in which the claim for a reduced rate of tax is filed.

Sec. 2. NEW SECTION. Section 331.438 MENTAL HEALTH SERVICES EXPENDITURES FROZEN.

In the event the Seventy-fourth General Assembly does not enact legislation to implement a funding formula for state participation in funding of mental health, mental retardation, and developmental disabilities services which takes effect in the fiscal year beginning July 1, 1992, the mental health,

mental retardation, and developmental disabilities services expenditures of counties shall be frozen in the amount the counties expended for those services in the fiscal year beginning July 1, 1991. The expenses in excess of the frozen amount shall be paid for by the state in a timely manner that is not disruptive to persons providing or receiving services.

Sec. 3. Section 333A.3, subsection 3, Code 1989, is amended to read as follows:

3. The committee shall select its own officers and meet at the call of the director of the department of management or at the request of a majority of the board.

Sec. 4. Section 384.15, subsection 2, Code 1989, is amended to read as follows:

2. Select its officers and meet at the call of the director of the department of management or ~~upon an appeal of the director's decision~~ at the request of a majority of the board.

Sec. 5. Section 425.11, subsection 2, Code Supplement 1989, is amended to read as follows:

2. The word "owner" shall mean the person who holds the fee simple title to the homestead, and in addition shall mean the person occupying as a surviving spouse or the person occupying under a contract of purchase which contract has been recorded in the office of the county recorder of the county in which the property is located, or the person occupying the homestead under devise or by operation of the inheritance laws where the whole interest passes or where the divided interest is shared only by persons related or formerly related to each other by blood, marriage or adoption, or the person occupying the homestead is a shareholder of a family farm corporation that owns the property, or the person occupying the homestead under a deed which conveys a divided interest where the divided interest is shared only by persons related or formerly related to each other by blood, marriage or adoption or where the person occupying the homestead holds a life estate with

the reversion interest held by a nonprofit corporation organized under chapter 504A, provided that the holder of the life estate is liable for and pays property tax on the homestead or where the person occupying the homestead holds an interest in a horizontal property regime under chapter 499B, regardless of whether the underlying land committed to the horizontal property regime is in fee or as a leasehold interest, provided that the holder of the interest in the horizontal property regime is liable for and pays property tax on the homestead. For the purpose of this chapter the word "owner" shall be construed to mean a bona fide owner and not one for the purpose only of availing the person of the benefits of this chapter. In order to qualify for the homestead tax credit, evidence of ownership shall be on file in the office of the clerk of the district court or recorded in the office of the county recorder at the time the owner files with the assessor a verified statement of the homestead claimed by the owner as provided in section 425.2.

Sec. 6. Section 425.17, subsections 5 and 9, Code Supplement 1989, are amended to read as follows:

5. "Claimant" means a either one of the following:

a. A person filing a claim for credit or reimbursement under this division who has attained the age of sixty-five years on or before December 31 of the base year or who is a surviving spouse having attained the age of fifty-five years on or before December 31, 1988, or who is totally disabled and was totally disabled on or before December 31 of the base year, and was domiciled in this state during the entire base year and is domiciled in this state at the time the claim is filed or at the time of the person's death in the case of a claim filed by the executor or administrator of the claimant's estate.

b. A person filing a claim for credit or reimbursement under this division who has attained the age of eighteen years on or before December 31 of the base year but has not attained

the age or disability status described in paragraph "a", and was domiciled in this state during the entire base year and is domiciled in this state at the time the claim is filed or at the time of the person's death in the case of a claim filed by the executor or administrator of the claimant's estate and was not claimed as a dependent on any other person's tax return for the base year.

"Claimant" under paragraph "a" or "b" includes a vendee in possession under a contract for deed and may include one or more joint tenants or tenants in common. In the case of a claim for rent constituting property taxes paid, the claimant shall have rented the property during any part of the base year. If a homestead is occupied by two or more persons, and more than one person is able to qualify as a claimant, the persons may determine among them who will be the claimant. If they are unable to agree, the matter shall be referred to the director of revenue and finance not later than October 31 of each year and the director's decision is final.

9. "Property taxes due" means property taxes including any special assessments, but exclusive of delinquent interest and charges for services, due on a claimant's homestead in this state, but includes only property taxes for which the claimant is liable and which will actually be paid by the claimant. However, if the claimant is a person whose property taxes have been suspended under sections 427.8 and 427.9, "property taxes due" means property taxes including any special assessments, but exclusive of delinquent interest and charges for services, due on a claimant's homestead in this state, but includes only property taxes for which the claimant is liable and which would have to be paid by the claimant if the payment of the taxes has not been suspended pursuant to sections 427.8 and 427.9. "Property taxes due" shall be computed with no deduction for any credit under this division or for any homestead credit allowed under section 425.1. Each claim shall be based upon the taxes due during the fiscal year next

following the base year. If a homestead is owned by two or more persons as joint tenants or tenants in common, and one or more persons are not members of claimant's household, "property taxes due" is that part of property taxes due on the homestead which equals the ownership percentage of the claimant and the claimant's household. The county treasurer shall include with the tax receipt a statement that if the owner of the property is ~~sixty-five~~ eighteen years of age or over ~~or is totally disabled or is a surviving spouse who was fifty-five years of age on or before December 31, 1988,~~ the person may be eligible for the credit allowed under this division. If a homestead is an integral part of a farm, the claimant may use the total property taxes due for the larger unit. If a homestead is an integral part of a multidwelling or multipurpose building the property taxes due for the purpose of this subsection shall be prorated to reflect the portion which the value of the property that the household occupies as its homestead is to the value of the entire structure. For purposes of this subsection, "unit" refers to that parcel of property covered by a single tax statement of which the homestead is a part.

Sec. 7. Section 425.15, Code 1989, is amended to read as follows:

425.15 DISABLED VETERAN TAX CREDIT.

If the owner of the a homestead, allowed a credit under this chapter, is a veteran of any of the military forces of the United States, who acquired the homestead under the ~~provisions of the United States Code, title 38, chapter 21, sections 801 and 802~~ 38 U.S.C. § 21.801, 21.802, the credit allowed on the homestead from the homestead credit fund shall be the entire amount of the tax levied on the homestead. The credit allowed shall be continued to the estate of the a veteran who is deceased or the surviving spouse and any child, as defined in section 234.1, who are the beneficiaries of the a deceased veteran, so long as the surviving spouse remains

unmarried. This section is not applicable to the holder of title to any homestead whose annual income, together with that of the titleholder's spouse, if any, for the last preceding twelve-month income tax accounting period exceeds ~~ten~~ twenty-five thousand dollars. For the purpose of this section "income" means taxable income for federal income tax purposes plus income from securities of state and other political subdivisions exempt from federal income tax. Any A veteran or a beneficiary of the a veteran who elects to secure the credit provided in this section is not eligible for any other real property tax exemption provided by law for veterans of military service. If the a veteran acquires a different homestead, the credit allowed under ~~the provisions of~~ this section may be claimed on a the new homestead unless the veteran fails to meet the other requirements of this section.

Sec. 8. Section 425.23, subsection 1, Code 1989, is amended to read as follows:

1. a. The tentative credit or reimbursement for a claimant described in section 425.17, subsection 5, paragraph "a" shall be determined in accordance with the following schedule:

If the household income is:	Percent of property taxes due or rent constituting property taxes paid allowed as a credit or reimbursement:
\$ 0 - 4,999.99	<u>5,999.99</u> ..... 100%
5,000---5,999.99	<u>6,000 - 6,999.99</u> ..... 85
6,000---6,999.99	<u>7,000 - 7,999.99</u> ..... 70
7,000---7,999.99	<u>8,000 - 9,999.99</u> ..... 55 <u>50</u>
8,000---9,999.99	<u>10,000 - 11,999.99</u> ..... 40 <u>35</u>
<del>10,000</del> --- <del>11,999.99</del>	<u>12,000 - 13,999.99</u> ..... 25

b. The tentative credit or reimbursement for a claimant described in section 425.17, subsection 5, paragraph "b", shall be determined in accordance with the following schedule:

If the household income is:	<u>Percent of property taxes due or rent constituting property taxes paid allowed as a credit or reimbursement:</u>
\$ 0 - 5,999.99	50%
6,000 - 6,999.99	42
7,000 - 7,999.99	35
8,000 - 9,999.99	25
10,000 - 11,999.99	17
12,000 - 13,999.99	12

Sec. 9. Section 425.23, subsection 3, paragraph a, Code 1989, is amended to read as follows:

a. Any A person who is eligible to file a claim for credit for property taxes due and who has a household income of five six thousand dollars or less and who has a special assessment levied against the homestead may file a claim with the county treasurer that the claimant had a household income of five six thousand dollars or less and that a special assessment is presently levied against the homestead. The department shall provide to the respective county treasurers such the forms as are necessary for the administration of this subsection. The claim shall be filed not later than September 30 of each year. Upon the filing of the claim, no a penalty or interest for late payment shall not accrue against the amount of the special assessment due and payable. The claim filed by the claimant ~~shall constitute~~ constitutes a claim for credit of an amount equal to the actual amount due and payable upon the special assessment payable during the fiscal year against the homestead of the claimant or an amount equal to the annual payment of the special assessment levied against the homestead of the claimant and payable in annual installments through the period of years provided by the governing body of the city, whichever is less. However, where the claimant is an individual described in section 425.17, subsection 5,

paragraph "b", the claim filed constitutes a claim for credit of an amount equal to one-half of the actual amount due and payable during the fiscal year or equal to one-half of the annual payment, whichever is less. The department of revenue and finance shall, upon the filing of the claim with the department by the county treasurer, pay that amount of the special assessment during the current fiscal year to the county treasurer. The county treasurer shall submit the claims to the director of revenue and finance not later than October 15 of each year. The director of revenue and finance shall certify the amount of reimbursement due each county for special assessment credits allowed under this subsection. The amount of reimbursement due each county shall be paid by the director of revenue and finance on October 20 of each year, drawn upon warrants payable to the respective county treasurer. There is appropriated annually from the general fund of the state to the department of revenue and finance an amount sufficient to carry out the provisions of this subsection. The county treasurer shall credit any moneys received from the department against the amount of the special assessment due and payable on the homestead of the claimant.

Sec. 10. NEW SECTION. 425A.1 FAMILY FARM TAX CREDIT FUND.

The family farm tax credit fund is created in the office of the treasurer of state. There is appropriated to the fund from funds in the general fund not otherwise appropriated the sum of ten million dollars. Any balance in the fund on June 30 shall revert to the general fund.

Sec. 11. NEW SECTION. 425A.2 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Agricultural land" means land in tracts of ten acres or more excluding any buildings or other structures located on the land, and not laid off into lots of less than ten acres or divided by streets and alleys into parcels of less than ten

acres, lying within a school corporation and in good faith used for agricultural or horticultural purposes. Any land in tracts laid off or platted into lots of less than ten acres belonging to and a part of other lands of more than ten acres and in good faith used for agricultural or horticultural purposes is entitled to the benefits of this chapter.

2. "Owner" means any of the following:

- a. An individual who holds the fee simple title to the agricultural land.
- b. An individual who owns the agricultural land under a contract of purchase which has been recorded in the office of the county recorder of the county in which the agricultural land is located.
- c. An individual who owns the agricultural land under devise or by operation of the inheritance laws, where the whole interest passes or where the divided interest is shared only by individuals related or formerly related to each other by blood, marriage, or adoption.
- d. An individual who owns the agricultural land under a deed which conveys a divided interest, where the divided interest is shared only by individuals related or formerly related to each other by blood, marriage, or adoption.
- e. A partnership where all partners are related or formerly related to each other by blood, marriage, or adoption.
- f. A family farm corporation or authorized farm corporation, as both are defined in section 172C.1, which owns the agricultural land.

3. "Actively engaged in farming" means satisfying all of the following conditions:

- a. The person receives or has the right to receive all of the crop production from more than one-half of the tract.
- b. The person materially participated in the production of the crops, as defined in section 469(h), except paragraphs (3) and (4), of the Internal Revenue Code, as defined in section

422.3 and regulations adopted for the applicable paragraphs of that section.

However, a person performing activities in the capacity of a lessor, whether under a cash or crop share lease, is not actively engaged in farming on the area of the tract covered by the lease.

4. "Eligible tract" or "eligible tract of agricultural land" means an area of agricultural land which is described on the property tax list as subject to property taxes and which meets the requirements of section 425A.3, subsection 2.

5. "Crop" or "crop production" includes pastureland.

Sec. 12. NEW SECTION. 425A.3 WHERE CREDIT GIVEN.

1. The family farm tax credit fund shall be apportioned each year in the manner provided in this chapter so as to give a credit against the tax on each eligible tract of agricultural land within the several school districts of the state in which the levy for the general school fund exceeds five dollars and forty cents per thousand dollars of assessed value. The amount of the credit on each eligible tract of agricultural land shall be the amount the tax levied for the general school fund exceeds the amount of tax which would be levied on each eligible tract of agricultural land were the levy for the general school fund five dollars and forty cents per thousand dollars of assessed value for the previous year. However, in the case of a deficiency in the family farm tax credit fund to pay the credits in full, the credit on each eligible tract of agricultural land in the state shall be proportionate and applied as provided in this chapter.

2. A tract of agricultural land is eligible for the amount of credit computed under subsection 1 if the following persons were actively engaged in farming during the fiscal year preceding the fiscal year in which the auditor computes the amount of credit under section 425A.5 for which the tract would be eligible, owned the tract on June 30 of that preceding fiscal year, and have filed an application for the credit as provided in section 425A.4:

a. The owner, owner's spouse, owner's child or stepchild, or the spouse of the owner's child or stepchild.

b. If the owner is a partnership, a partner or the partner's spouse.

c. If the owner is a family farm corporation, a family member who is a shareholder of the family farm corporation or the shareholder's spouse.

d. If the owner is an authorized farm corporation, a shareholder who owns at least fifty-one percent of the stock of the authorized farm corporation or the shareholder's spouse.

3. The county board of supervisors shall determine the eligibility of each tract for which an application is received. If the person designated in subsection 2, paragraph "a", "b", "c", or "d" was, during the fiscal year specified in subsection 2, actively engaged in farming on more than one-half of the tract or if the tract was subject to a federal program pertaining to agricultural land and the person was in general control of the tract, the county board shall approve the application if all other requirements for eligibility in this chapter have been met.

Sec. 13. NEW SECTION. 425A.4 CLAIM FOR CREDIT.

1. The family farm tax credit allowed on agricultural land under section 425A.3, subsection 1, shall only be granted upon tracts of agricultural land on which the persons designated in section 425A.3, subsection 2, paragraphs "a", "b", "c", and "d" were actively engaged in farming, and for which the persons have filed an application for the credit for each tract. To apply for the credit, the person shall each year on or before October 1 deliver to the county assessor, on forms furnished by the assessor, a verified statement and designation of the tracts of agricultural land for which the credit is claimed. The auditor shall return the statement and designation on October 15 of each year to the county board of supervisors with a recommendation for allowance or

disallowance. However, the deadline for filing claims in the 1990 calendar year shall be December 1, 1990, and the assessor shall return the statements and designations to the county board of supervisors on December 15, 1990.

2. The county board of supervisors in each county shall examine all claims delivered to county assessors, and shall either allow or disallow the claims, and if disallowed shall send notice of disallowance by certified mail to the claimant at the claimant's last known address. The claimant may appeal the decision of the board to the district court in which the tract for which the credit is claimed is situated by giving written notice of the appeal to the county assessor within twenty days from the date of the mailing of the notice of the decision of the board of supervisors.

Sec. 14. NEW SECTION. 425A.5 COMPUTATION BY AUDITOR -- APPEAL.

The family farm tax credit allowed each year shall be computed as follows: On or before June 1, the county auditor shall list by school districts all tracts of agricultural land which are entitled to credit, the taxable value for the previous year, the budget from each school district for the previous year, and the tax rate determined for the general fund of the school district in the manner prescribed in section 444.3 for the previous year, and if the tax rate is in excess of five dollars and forty cents per thousand dollars of assessed value, the auditor shall multiply the tax levy which is in excess of five dollars and forty cents per thousand dollars of assessed value by the total taxable value of the agricultural land entitled to credit in the school district, and on or before June 1, certify the total amount of credit and the total number of acres entitled to the credit to the department of revenue and finance.

Sec. 15. NEW SECTION. 425A.6 WARRANTS DRAWN BY DIRECTOR.

After receiving from the county auditors the certifications provided for in section 425A.5, and during the following

fiscal year, the director of revenue and finance shall draw warrants on the family farm tax credit fund created in section 425A.1, payable to the county treasurers in the amount certified by the county auditors of the respective counties and mail the warrants to the county auditors on August 15 of each year taking into consideration the relative budget and cash position of the state resources. However, if the family farm tax credit fund is insufficient to pay in full the total of the amounts certified to the director of revenue and finance, the director shall prorate the fund to the county treasurers and shall notify the county auditors of the pro rata percentage on or before August 1.

Sec. 16. NEW SECTION. 425A.7 APPORTIONMENT BY AUDITOR.

Upon receiving the pro rata percentage from the director of revenue and finance, the county auditor shall determine the amount to be credited to each tract of agricultural land, and shall enter upon tax lists as a credit against the tax levied on each tract of agricultural land on which there has been made an allowance of credit before delivering the tax lists to the county treasurer. Upon receipt of the director's warrant by the county auditor, the auditor shall deliver the warrant to the county treasurer for apportionment. The county treasurer shall show on each tax receipt the amount of tax credit for each tract of agricultural land. In case of change of ownership the credit shall follow the title.

Sec. 17. NEW SECTION. 425A.8 FALSE CLAIM -- PENALTY.

A person making a false claim or affidavit with fraudulent intent to obtain the credit under section 425A.3, subsection 2, is guilty of a fraudulent practice and the claim shall be disallowed in full. If the credit has been paid, the amount of the credit plus a penalty equal to twenty-five percent of the amount of credit plus interest, at the rate in effect under section 421.7, from the time of payment shall be collected by the county treasurer in the same manner as other property taxes, penalty, and interest are collected and when



collected shall be paid to the director of revenue and finance.

Sec. 18. SPECIAL MENTAL HEALTH SERVICES FUND.

There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1991, and ending June 30, 1992, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the special mental health services fund:

..... \$ 10,500,000

1. A special mental health services fund to reimburse counties for expenditures for mental health, mental retardation, and developmental disabilities services in accordance with this section is established in the office of the treasurer of state. The fund is established to reduce the growth of county expenditures for mental health services.

2. In order to be reimbursed from the special mental health services fund, a county shall document its expenditures for mental health, mental retardation, and developmental disabilities services.

3. The general assembly recognizes the importance of providing appropriate services to persons with disabilities in a community setting and in particular encourages counties to make services from the following categories available to persons with chronic mental illness who have legal settlement within the county:

- a. Case management in accordance with standards adopted by the mental health and mental retardation commission.
- b. Community-based services intended to prevent institutional placement of persons with chronic mental illness.
- c. Support services to assist a person with chronic mental illness in remaining in the community which may include but are not limited to medical support, crisis and emergency intervention, and efforts to improve the person's community living skills.

4. A county's documentation of expenditures shall be submitted in October 1990, with the county's annual application for a share of the general allocation of the state community mental health and mental retardation services fund pursuant to section 225C.10. A county which provides its documentation is entitled to receive the moneys in the special mental health services fund multiplied by a factor equal to the county's proportionate share of the total state population.

5. As soon after July 1, 1991, as reasonably possible, the administrator shall certify to the director of revenue and finance the amount to which a county is entitled from the special mental health services fund and the director of revenue and finance shall issue warrants in the amounts certified, drawn upon the fund in favor of the respective counties.

6. Nothing in this section is intended by the general assembly to be the provision of a fair and equitable funding formula specified in 1985 Iowa Acts, chapter 249, section 9. Nothing in this section shall be construed, is intended, or shall imply a claim of entitlement to any programs or services specified in section 225C.28.

Sec. 19. COUNTY CHART OF ACCOUNTS.

The department of management, the mental health and mental retardation commission, and the county finance committee shall cooperate in revising the county chart of accounts to structure an accounting system that will provide for the consistent and accurate accounting of expenditures for mental health, mental retardation, and developmental disabilities services and indicate the settings in which the services are provided. The revisions in the chart of accounts applicable to the fiscal year beginning July 1, 1991, shall be completed on or before November 1, 1990.

Sec. 20. INTERIM STUDY COMMITTEE REQUESTED.

The legislative council is requested to establish an interim study committee to develop a funding formula for state participation in funding of mental health, mental retardation, and developmental disabilities services for fiscal years beginning on or after July 1, 1992. The committee shall develop a funding formula that ties responsibility for funding the services to administrative control and oversight of the services and that ensures financial incentives in the formula are directed toward providing care and services to persons in communities and community settings and that appropriate services are available to all persons across the state. In its deliberations, the committee may also consider development of a fair and equitable funding formula for the bill of rights contained in chapter 225C. The committee shall submit to the general assembly on January 2, 1991, a report containing its proposal for a funding formula.

Sec. 21.

Sections 1, 6, 8, and 9 of this Act are effective January 1, 1991, for mobile home tax claims and property tax credit claims filed on or after that date. Section 8 of this Act is applicable to rent reimbursement claims filed on or after January 1, 1992. Section 6 of this Act is also applicable to rent reimbursement claims filed on or after January 1, 1992.

Sec. 22.

Sections 10 through 17 are effective January 1, 1991, for family farm tax credits allowed for property taxes payable in fiscal years beginning on or after July 1, 1991.

Sec. 23.

Section 5 of this Act is effective January 1, 1991, for homestead tax credits allowed for property taxes payable in fiscal years beginning on or after July 1, 1991.

Sec. 24.

Section 18 of this Act takes effect July 1, 1991.

Sec. 25.

Section 7 of this Act is applicable for assessment years beginning on or after July 1, 1991.

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DONALD D. AVENSON  
Speaker of the House

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JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2554, Seventy-third General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved *May 6.* 1990

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TERRY E. BRANSTAD  
Governor