JAN 23 1998
WAYS AND MEANS

HOUSE FILE 2084
BY GARMAN

Passed House, Date ____________ Passed Senate, Date ____________
Vote: Ayes ______ Nays ______ Vote: Ayes ______ Nays ______
Approved ______________________________

A BILL FOR

An Act relating to the income eligibility requirements for the homestead property tax credit, mobile home tax credit, or reimbursement for rent constituting property taxes paid and providing an applicability date.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HF 2084

TLSB 3379HH 77
mg/sc/14

Section 1. Section 425.23, subsection 1, Code 1997, is amended to read as follows:

1. a. The tentative credit or reimbursement for a claimant described in section 425.17, subsection 2, paragraph "a" and paragraph "b" if no appropriation is made to the fund created in section 425.40 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 -- 5,999.99~~	~~100%~~
~~6,000 -- 6,999.99~~	~~85~~
~~7,000 -- 7,999.99~~	~~70~~
~~8,000 -- 9,999.99~~	~~50~~
~~10,000 -- 11,999.99~~	~~35~~
~~12,000 -- 13,999.99~~	~~25~~
$ 0 -- 8,499.99	100%
8,500 -- 9,499.99	85
9,500 -- 10,499.99	70
10,500 -- 12,499.99	50
12,500 -- 14,499.99	35
14,500 -- 16,499.99	25

b. If moneys have been appropriated to the fund created in section 425.40, the tentative credit or reimbursement for a claimant described in section 425.17, subsection 2, paragraph "b", shall be determined as follows:

(1) If the amount appropriated under section 425.40 plus any supplemental appropriation made for a fiscal year for purposes of this lettered paragraph is at least twenty-seven million dollars, the tentative credit or reimbursement shall be determined in accordance with the following schedule:

Percent of property taxes
due or rent constituting

If the household income is:	property taxes paid allowed as a credit or reimbursement:
~~$ 0 -- 5,999.99~~	~~100%~~
~~6,000 -- 6,999.99~~	~~85~~
~~7,000 -- 7,999.99~~	~~70~~
~~8,000 -- 9,999.99~~	~~50~~
~~10,000 -- 11,999.99~~	~~35~~
~~12,000 -- 13,999.99~~	~~25~~
$ 0 -- 8,499.99	100%
8,500 -- 9,499.99	85
9,500 -- 10,499.99	70
10,500 -- 12,499.99	50
12,500 -- 14,499.99	35
14,500 -- 16,499.99	25

(2) If the amount appropriated under section 425.40 plus any supplemental appropriation made for a fiscal year for purposes of this lettered paragraph is less than twenty-seven million dollars the tentative credit or reimbursement 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 -- 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~~
$ 0 -- 8,499.99	50%
8,500 -- 9,499.99	42
9,500 -- 10,499.99	35
10,500 -- 12,499.99	25

12,500 -- 14,499.99	17
14,500 -- 16,499.99	12

Sec. 2. Section 425.23, subsection 3, paragraph a, Code 1997, is amended to read as follows:

a. A person who is eligible to file a claim for credit for property taxes due and who has a household income of ~~six~~ eight thousand five hundred dollars or less and who has an unpaid special assessment levied against the homestead may file a claim for a special assessment credit with the county treasurer. The department shall provide to the respective treasurers the forms 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, interest for late payment shall not accrue against the amount of the unpaid special assessment due and payable. The claim filed by the claimant constitutes a claim for credit of an amount equal to the actual amount due upon the unpaid special assessment, plus interest, payable during the fiscal year for which the claim is filed against the homestead of the claimant. However, where the claimant is an individual described in section 425.17, subsection 2, paragraph "b", and the tentative credit is determined according to the schedule in ~~section-425.23,~~ subsection 1, paragraph "b", subparagraph (2), of this section, 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. The treasurer shall certify to the director of revenue and finance not later than October 15 of each year the total amount of dollars due for claims allowed. The amount of reimbursement due each county shall be paid by the director of revenue and finance by November 15 of each year, drawn upon warrants payable to the respective 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 treasurer shall credit any moneys received from the department against the amount of the unpaid special assessment due and payable on the homestead of the claimant.

Sec. 3. Section 425.23, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 4. a. For the base year beginning in the 1999 calendar year and for each subsequent base year, the dollar amounts set forth in subsections 1 and 3 shall be multiplied by the cumulative adjustment factor for that base year. "Cumulative adjustment factor" means the product of the annual adjustment factor for the 1998 base year and all annual adjustment factors for subsequent base years. The cumulative adjustment factor applies to the base year beginning in the calendar year for which the latest annual adjustment factor has been determined.

b. The annual adjustment factor for the 1998 base year is one hundred percent. For each subsequent base year, the annual adjustment factor equals the annual inflation factor for the calendar year, in which the base year begins, as computed in section 422.4 for purposes of the individual income tax.

Sec. 4. Section 435.22, subsection 2, Code 1997, is amended to read as follows:

2. If the owner of the home is an Iowa resident, has attained the age of twenty-three 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 ~~six~~ eight thousand five hundred dollars per year, the annual tax shall not be imposed on the home. If the income is ~~six~~ eight thousand five hundred dollars or more but less than ~~fourteen~~ sixteen thousand five hundred dollars, the annual tax shall be computed as follows:

If the Household Income is: Annual Tax Per Square Foot:

~~---$ 6,000-----6,999.99--------3.0 cents~~

~~-----7,000-----7,999.99--------6.0~~

~~-----8,000-----9,999.99-------10.0~~

~~10,000~~	~~11,999.99~~	~~13.0~~
~~12,000~~	~~13,999.99~~	~~15.0~~
$ 8,500 --	9,499.99	3.0 cents
9,500 --	10,499.99	6.0
10,500 --	12,499.99	10.0
12,500 --	14,499.99	13.0
14,500 --	16,499.99	15.0

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

Beginning with the 1998 base year, the income dollar amounts set forth in this subsection shall be multiplied by the cumulative adjustment factor for that base year as determined in section 425.23, subsection 4.

Sec. 5. APPLICABILITY. This Act applies to claims for credit for property taxes due, claims for reimbursement for rent constituting property taxes paid, and claims for credit for mobile home taxes due filed on or after January 1, 1999.

EXPLANATION

Present law grants a mobile home tax credit, additional homestead credit, and reimbursement for rent constituting property taxes paid for certain low-income persons based upon household incomes. Under present law, the maximum credit and reimbursement is granted to those with household incomes of $6,000 or less with no credit or reimbursement granted to those with household incomes of $14,000 or more. The bill increases these figures to $8,500 or less and $16,500 or more, respectively. The bill also adjusts these figures for inflation on an annual basis.

The bill applies to claims for credits or reimbursements filed on or after January 1, 1999.

HOUSE FILE 2084
FISCAL NOTE

A fiscal note for **House File 2084** 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 2084 increases the income limits for the mobile home tax credit, additional homestead credit, and reimbursement for rent constituting property taxes paid for certain low-income persons and indexes the income limits yearly for inflation.

Assumptions:

1. The amount of overall increase in the elderly and disabled tax credit from the last change in income level in Tax Year (TY) 1990 was 17.9%, with the amount of the top income level increase being 16.7%. Therefore, each 1.0% increase in the income level resulted in 1.1% increase in overall cost.
2. The FY 1997 expenditure for these tax credits was $10.2 million.
3. The increase in the overall income level is equal to 17.9%, resulting in an overall cost increase factor of 19.1%.
4. The property tax component is approximately 40.4% of the total and the rent component is 59.6% of the total.

Fiscal Effect:

House File 2084 is expected to have an additional cost of $1.9 million in FY 2000, and $330,000 in FY 2001.

Source: LFB Statewide Property Tax Database
Department of Revenue and Finance Property Tax Credits Report

(LSB 3379hh, LCS)

FILED FEBRUARY 3, 1998 BY DENNIS PROUTY, FISCAL DIRECTOR