

FEB 11 1998
WAYS AND MEANS

HOUSE FILE 2227
BY HUSER

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

A BILL FOR

1 An Act deducting medical expense payments from the computation of
2 income for purposes of the elderly and disabled property tax
3 credit and rent reimbursement and providing effective and
4 applicability dates.

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

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HF 2227

1 Section 1. Section 425.17, subsection 7, Code 1997, is
2 amended to read as follows:

3 7. "Income" means the sum of Iowa net income as defined in
4 section 422.7, plus all of the following to the extent not
5 already included in Iowa net income: capital gains, alimony,
6 child support money, cash public assistance and relief, except
7 property tax relief granted under this division, amount of in-
8 kind assistance for housing expenses, the gross amount of any
9 pension or annuity, including but not limited to railroad
10 retirement benefits, payments received under the federal
11 Social Security Act, except child insurance benefits received
12 by a member of the claimant's household, and all military
13 retirement and veterans' disability pensions, interest
14 received from the state or federal government or any of its
15 instrumentalities, workers' compensation and the gross amount
16 of disability income or "loss of time" insurance. "Income"
17 does not include gifts from nongovernmental sources, or
18 surplus foods or other relief in kind supplied by a
19 governmental agency. In determining income, net operating
20 losses and net capital losses shall not be considered. In
21 determining income for a claimant defined in subsection 2,
22 paragraph "a", the claimant shall deduct payments for all
23 medical and necessary care expenses attributable to the
24 claimant which are made during the twelve-month income tax
25 accounting period used in computing income under this
26 subsection. "Medical and necessary care expenses" are those
27 used in the computing the federal income tax deduction under
28 section 213 of the Internal Revenue Code, as defined in
29 section 422.3.

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

32 3. a. A person who is eligible to file a claim for credit
33 for property taxes due and who has a household income of six
34 thousand dollars or less and who has an unpaid special
35 assessment levied against the homestead may file a claim for a

1 special assessment credit with the county treasurer. The
2 department shall provide to the respective treasurers the
3 forms necessary for the administration of this subsection.
4 The claim shall be filed not later than September 30 of each
5 year. Upon the filing of the claim, interest for late payment
6 shall not accrue against the amount of the unpaid special
7 assessment due and payable. The claim filed by the claimant
8 constitutes a claim for credit of an amount equal to the
9 actual amount due upon the unpaid special assessment, plus
10 interest, payable during the fiscal year for which the claim
11 is filed against the homestead of the claimant. However,
12 where the claimant is an individual described in section
13 425.17, subsection 2, paragraph "b", and the tentative credit
14 is determined according to the schedule in section 425.23,
15 subsection 1, paragraph "b", subparagraph (2), the claim filed
16 constitutes a claim for credit of an amount equal to one-half
17 of the actual amount due and payable during the fiscal year.
18 The treasurer shall certify to the director of revenue and
19 finance not later than October 15 of each year the total
20 amount of dollars due for claims allowed. The amount of
21 reimbursement due each county shall be paid by the director of
22 revenue and finance by November 15 of each year, drawn upon
23 warrants payable to the respective treasurer. There is
24 appropriated annually from the general fund of the state to
25 the department of revenue and finance an amount sufficient to
26 carry out the provisions of this subsection. The treasurer
27 shall credit any moneys received from the department against
28 the amount of the unpaid special assessment due and payable on
29 the homestead of the claimant.

30 ~~b. For purposes of this subsection, in computing household~~
31 ~~income, a person with a total disability shall deduct all~~
32 ~~medical and necessary care expenses paid during the twelve-~~
33 ~~month income tax accounting periods used in computing~~
34 ~~household income which are attributable to the person's total~~
35 ~~disability. "Medical and necessary care expenses" are those~~

1 ~~used-in-computing-the-federal-income-tax-deduction-under~~
2 ~~section-213-of-the-Internal-Revenue-Code-as-defined-in-section~~
3 ~~422-3-~~

4 Sec. 3. This Act takes effect January 1, 1999, and applies
5 to property tax credit claims filed on or after that date.
6 The Act applies to rent reimbursement claims filed on or after
7 January 1, 2000.

8 EXPLANATION

9 This bill allows claimants of the low-income elderly and
10 disabled property tax credit or rent reimbursement to deduct
11 medical expenses incurred by the claimant during the year when
12 computing income for purposes of determining the amount of the
13 claimant's tax credit or rent reimbursement. Presently, only
14 persons with a disability are allowed to deduct medical
15 expenses and then only when determining the amount of credit
16 to be allowed for the special assessment credit allowed in
17 conjunction with the property tax credit.

18 The bill takes effect January 1, 1999, and applies to
19 property tax credit claims filed on or after January 1, 1999,
20 and to rent reimbursement claims filed on or after January 1,
21 2000.

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