

JAN 17 1997
APPROPRIATIONS

HOUSE FILE 46
BY GREIG

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

A BILL FOR

1 An Act relating to state reimbursements to local governments for
2 certain property tax credits and exemptions, requiring full
3 funding of the cost of exemptions and credits, and providing
4 applicability date provisions.

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

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HF 46

1 Section 1. NEW SECTION. 25B.7 FUNDING PROPERTY TAX

2 CREDITS AND EXEMPTIONS.

3 1. Beginning with property taxes due and payable in the
4 fiscal year beginning July 1, 1998, the cost of providing a
5 property tax credit or property tax exemption which is enacted
6 by the general assembly on or after January 1, 1997, shall be
7 fully funded by the state. If a state appropriation made to
8 fund a credit or exemption which is enacted on or after
9 January 1, 1997, is not sufficient to fully fund the credit or
10 exemption, the political subdivision shall be required to
11 extend to the taxpayer only that portion of the credit or
12 exemption funded by the state appropriation. The department
13 of revenue and finance shall determine the portion of the
14 credit or exemption which will be funded by the state
15 appropriation. Each county treasurer shall submit by
16 September 1 to the department of revenue and finance the total
17 value of the exemptions and credits and the department of
18 revenue and finance shall notify each county treasurer of the
19 portion of those exemptions and credits that is to be allowed
20 by September 30.

21 2. The requirement for fully funding and the consequences
22 of not fully funding credits and exemptions under subsection 1
23 also apply to all of the following:

24 a. Homestead tax credit pursuant to sections 425.1 through
25 425.15.

26 b. Elderly, low-income, and disabled property tax credits
27 pursuant to sections 425.16 through 425.40.

28 c. Military service property tax credits and exemptions
29 pursuant to chapter 426A and sections 427.3 through 427.7, to
30 the extent of six dollars and seventy-five cents per thousand
31 dollars of assessed value of the exempt property.

32 Sec. 2. Section 8.59, Code 1997, is amended to read as
33 follows:

34 8.59 APPROPRIATIONS FREEZE.

35 Notwithstanding contrary provisions of the Code, the

1 amounts appropriated under the applicable sections of the Code
2 for fiscal years commencing on or after July 1, 1993, are
3 limited to those amounts expended under those sections for the
4 fiscal year commencing July 1, 1992. If an applicable section
5 appropriates moneys to be distributed to different recipients
6 and the operation of this section reduces the total amount to
7 be distributed under the applicable section, the moneys shall
8 be prorated among the recipients. As used in this section,
9 "applicable sections" means the following sections: 53.50,
10 229.35, 230.8, 230.11, 405A.8, 411.20, ~~425.17-425.39-426A.17~~
11 663.44, and 822.5.

12 Sec. 3. Section 425.23, subsection 1, paragraph a, Code
13 1997, is amended to read as follows:

14 a. The tentative credit or reimbursement for a claimant
15 described in section 425.17, subsection 2, paragraph "a", and
16 ~~paragraph "b" if no appropriation is made to the fund created~~
17 ~~in section 425.40~~ shall be determined in accordance with the
18 following schedule:

19		Percent of property taxes
20		due or rent constituting
21		property taxes paid
22	If the household	allowed as a credit or
23	income is:	reimbursement:
24	\$ 0 -- 5,999.99.....	100%
25	6,000 -- 6,999.99.....	85
26	7,000 -- 7,999.99.....	70
27	8,000 -- 9,999.99.....	50
28	10,000 -- 11,999.99.....	35
29	12,000 -- 13,999.99.....	25

30 Sec. 4. Section 425.23, subsection 1, paragraph b, Code 1997,
31 is amended by striking the paragraph and inserting in lieu
32 thereof the following:

33 b. The tentative credit or
34 reimbursement for a claimant described in section 425.17,
35 subsection 2, paragraph "b", shall

~~1 of the actual amount due and payable during the fiscal year.~~
2 The treasurer shall certify to the director of revenue and
3 finance not later than October 15 of each year the total
4 amount of dollars due for claims allowed. The amount of
5 reimbursement due each county shall be paid by the director of
6 revenue and finance by November 15 of each year, drawn upon
7 warrants payable to the respective treasurer. There is
8 appropriated annually from the general fund of the state to
9 the department of revenue and finance an amount sufficient to
10 carry out the provisions of this subsection. The treasurer
11 shall credit any moneys received from the department against
12 the amount of the unpaid special assessment due and payable on
13 the homestead of the claimant.

14 Sec. 6. Section 425.39, subsection 1, Code 1997, is
15 amended to read as follows:

16 ~~±~~ The extraordinary property tax credit and reimbursement
17 fund is created. There is appropriated annually from the
18 general fund of the state to the department of revenue and
19 finance to be credited to the extraordinary property tax
20 credit and reimbursement fund, from funds not otherwise
21 appropriated, an amount sufficient to implement this division
22 for claimants described in section 425.17, subsection 2,
23 paragraph "a".

24 Sec. 7. Section 425.39, subsection 2, Code 1997, is
25 amended by striking the subsection.

26 Sec. 8. Section 425.40, subsection 1, Code 1997, is
27 amended to read as follows:

28 ~~±~~ A low-income tax credit and reimbursement fund is
29 created. There is appropriated annually from the general fund
30 of the state to the department of revenue and finance to be
31 credited to the low-income tax credit and reimbursement fund,
32 from funds not otherwise appropriated, an amount sufficient to
33 implement this division for claimants described in section
34 425.17, subsection 2, paragraph "b".

35 Sec. 9. Section 425.40, subsection 2, Code 1997, is

1 amended by striking the subsection.

2 Sec. 10. Sections 2 through 9 of this Act apply to
3 reimbursements made for property tax credits and to
4 reimbursements for rent constituting property taxes payable on
5 or after July 1, 1997.

6 EXPLANATION

7 The bill provides that beginning with property taxes
8 payable in the fiscal year beginning July 1, 1998, the cost of
9 providing property tax credits or reimbursements which are
10 enacted on or after January 1, 1997, shall be fully funded by
11 the state. If the state does not fully fund this cost, then
12 the taxpayer will receive only a portion of the credit or
13 exemption to the extent the exemption or credit is funded.
14 This also applies to the homestead credit; elderly, low-
15 income, and disabled tax credits; and military service tax
16 credit but only to the extent of \$6.75 per \$1,000 of assessed
17 value.

18 State reimbursements to local governments for the homestead
19 credit; the low-income elderly and disabled additional
20 homestead credit and rent reimbursement; and the military
21 service exemption and credit were frozen beginning with the
22 1992-1993 fiscal year at the 1991-1992 fiscal year levels.
23 The bill eliminates the freeze and provides for standing
24 unlimited appropriations for these credits and reimbursements.
25 These reimbursements apply to reimbursements made on or after
26 July 1, 1997.

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