

FILED FEB 19 1997

SENATE FILE 171
BY PALMER

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

A BILL FOR

1 An Act relating to the state reimbursement to local governments
2 for lost property taxes due to the military service tax
3 exemption and providing an applicability date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

S.F. 171

1 Section 1. Section 8.59, Code 1997, is amended to read as
2 follows:

3 8.59 APPROPRIATIONS FREEZE.

4 Notwithstanding contrary provisions of the Code, the
5 amounts appropriated under the applicable sections of the Code
6 for fiscal years commencing on or after July 1, 1993, are
7 limited to those amounts expended under those sections for the
8 fiscal year commencing July 1, 1992. If an applicable section
9 appropriates moneys to be distributed to different recipients
10 and the operation of this section reduces the total amount to
11 be distributed under the applicable section, the moneys shall
12 be prorated among the recipients. As used in this section,
13 "applicable sections" means the following sections: 53.50,
14 229.35, 230.8, 230.11, 405A.8, 411.20, 425.1, 425.39, 426A.1,
15 663.44, and 822.5.

16 Sec. 2. Section 426A.2, Code 1997, is amended to read as
17 follows:

18 426A.2 MILITARY SERVICE TAX CREDIT.

19 The moneys shall be apportioned each year so as to replace
20 all ~~or a portion~~ of the tax which would be due on property
21 eligible for military service tax exemption in the state, if
22 the property were subject to taxation, ~~the amount of the~~
23 ~~credit to be not more than six dollars and seventy-five cents~~
24 ~~per thousand dollars of assessed value of property which would~~
25 ~~be subject to the tax, except for the military service tax~~
26 exemption.

27 Sec. 3. Section 426A.5, Code 1997, is amended to read as
28 follows:

29 426A.5 PROPORTIONATE SHARES TO DISTRICTS.

30 The amount of credits received under this chapter shall
31 then be apportioned by each county treasurer to the several
32 taxing districts in the same manner as though the amount of
33 the credit had been paid by the owner of the property
34 receiving the credit. Each taxing district shall receive its
35 proportionate share of the military service tax credit allowed

1 on each and every tax exemption allowed in such the taxing
2 ~~district-in-the-proportion-that-the-levy-made-by-such-taxing~~
3 ~~district-upon-general-property-bears-to-the-total-levy-upon~~
4 ~~all-property-subject-to-general-property-taxation-by-all~~
5 ~~taxing-districts-imposing-a-general-property-tax-in-such~~
6 ~~taxing-district~~ based upon the amount of property taxes which
7 would be due on the property receiving the credit, if the
8 property were subject to taxation.

9 Sec. 4. This Act applies to military service tax credits
10 payable in fiscal years beginning on or after July 1, 1997.

11 EXPLANATION

12 Present law allows a military service tax exemption of a
13 specific value of property based on the period of military
14 service of the owner. The state reimburses the local units in
15 an amount based upon how much property taxes would be imposed
16 on the value of this property, if taxable. This is similar to
17 a tax credit. However, the amount of state reimbursement is
18 not to exceed \$6.75 per \$1,000 of valuation. The amounts of
19 the consolidated levies throughout the state exceed \$6.75 per
20 \$1,000 thus the state does not fully reimburse local
21 governments for the less of property taxes due to the
22 exemption. In addition, the state amount to reimburse the
23 \$6.75 credit amount to local governments was frozen at the
24 state amount of reimbursement paid in the 1992-1993 fiscal
25 year. This bill provides for state reimbursement equal to the
26 full amount of property taxes that local units of government
27 would have collected from the exemption of property as a
28 result of the military service tax exemption.

29 The bill applies to military service tax credits payable in
30 fiscal years beginning on or after July 1, 1997.

31
32
33
34
35