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SENATE FILE 2006
BY REHBERG

(COMPANION TO LSB 3073HH)

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

A BILL FOR

1 An Act relating to the increase in the amount reimbursed by the
2 state for loss of property taxes due to the allowance of the
3 military service tax exemption and providing effective and
4 applicability date provisions.

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

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S.F. 2006

1 Section 1. Section 25B.7, subsection 2, paragraph c, Code
2 Supplement 1997, is amended to read as follows:

3 c. Military service property tax credit and exemption
4 pursuant to chapter 426A and sections 427.3 through 427.7, ~~to~~
5 ~~the extent of six dollars and seventy-five cents per thousand~~
6 ~~dollars of assessed value of the exempt property.~~

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

9 426A.2 MILITARY SERVICE TAX CREDIT.

10 The moneys shall be apportioned each year so as to replace
11 all ~~or a portion~~ of the tax which would be due on property
12 eligible for military service tax exemption in the state, if
13 the property were subject to taxation, ~~the amount of the~~
14 ~~credit to be not more than six dollars and seventy-five cents~~
15 ~~per thousand dollars of assessed value of property which would~~
16 ~~be subject to the tax, except for the military service tax~~
17 exemption.

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

20 426A.5 PROPORTIONATE SHARES TO DISTRICTS.

21 The amount of credits received under this chapter shall
22 then be apportioned by each county treasurer to the several
23 taxing districts in the same manner as though the amount of
24 the credit had been paid by the owner of the property
25 receiving the credit. Each taxing district shall receive its
26 proportionate share of the military service tax credit allowed
27 on each and every tax exemption allowed in such the taxing
28 district, ~~in the proportion that the levy made by such taxing~~
29 ~~district upon general property bears to the total levy upon~~
30 ~~all property subject to general property taxation by all~~
31 ~~taxing districts imposing a general property tax in such~~
32 ~~taxing district~~ based upon the amount of property taxes which
33 would be due on the property receiving the credit, if the
34 property were subject to taxation.

35 Sec. 4. The increase in state reimbursement resulting from

1 the amendment to section 426A.2 in this Act is subject to the
2 limitation on its use by local governments as provided in
3 section 25B.7, subsection 3.

4 Sec. 5. This Act, being deemed of immediate importance,
5 takes effect upon enactment and applies to the military
6 service property tax exemption allowed for property taxes due
7 and payable during fiscal years beginning on or after July 1,
8 1998.

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EXPLANATION

10 Under present law, the state will reimburse local
11 governments for the lost tax revenue resulting from the
12 military service tax exemption. However, the amount of
13 reimbursement is limited to \$6.75 per \$1,000 of the assessed
14 value of the exemption. Since the consolidated levies
15 throughout the state exceed \$6.75 per \$1,000 of the assessed
16 value, the local governments are not reimbursed for all the
17 lost property tax revenue. This bill increases the amount of
18 the reimbursement to equal the full amount of the property
19 taxes lost by local governments as a result of the military
20 service tax exemption.

21 The bill also limits the use of the increased reimbursement
22 to local governments to property tax relief and infrastructure
23 needs until July 1, 2002.

24 The bill takes effect upon enactment and applies to taxes
25 due and payable during fiscal years beginning on or after July
26 1, 1998.

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