

MAR 3 1999

WAYS AND MEANS

HOUSE FILE
BY MYERS

465

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

A BILL FOR

1 An Act relating to the valuation of residential and agricultural
2 property by reducing the percentage of actual value by which
3 residential and agricultural property value may increase,
4 removing the restriction that prevented each class from
5 increasing in valuation faster than the other, and increasing
6 the actual value amount upon which the homestead credit is to
7 be determined, and including retroactive and other
8 applicability date provisions.

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

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HF 465

1 Section 1. Section 425.1, subsections 2 and 4, Code 1999,
2 are amended to read as follows:

3 2. The homestead credit fund shall be apportioned each
4 year so as to give a credit against the tax on each eligible
5 homestead in the state in an amount equal to the actual levy
6 on the first four thousand eight hundred fifty dollars, as
7 adjusted as provided in subsection 7, of actual value for each
8 homestead.

9 4. Annually the department of revenue and finance shall
10 estimate the credit not to exceed the actual levy on the first
11 four thousand eight hundred fifty dollars, as adjusted as
12 provided in subsection 7, of actual value of each eligible
13 homestead, and shall certify to the county auditor of each
14 county the credit and its amount in dollars. Each county
15 auditor shall then enter the credit against the tax levied on
16 each eligible homestead in each county payable during the
17 ensuing year, designating on the tax lists the credit as being
18 from the homestead credit fund, and credit shall then be given
19 to the several taxing districts in which eligible homesteads
20 are located in an amount equal to the credits allowed on the
21 taxes of the homesteads. The amount of credits shall be
22 apportioned by each county treasurer to the several taxing
23 districts as provided by law, in the same manner as though the
24 amount of the credit had been paid by the owners of the
25 homesteads. However, the several taxing districts shall not
26 draw the funds so credited until after the semiannual
27 allocations have been received by the county treasurer, as
28 provided in this chapter. Each county treasurer shall show on
29 each tax receipt the amount of credit received from the
30 homestead credit fund.

31 Sec. 2. Section 425.1, Code 1999, is amended by adding the
32 following new subsection:

33 NEW SUBSECTION. 7. The four thousand eight hundred fifty
34 dollar amount specified in subsections 2 and 4 shall be
35 adjusted by a cumulative homestead credit factor determined

1 under this subsection.

2 a. "Annual homestead credit factor" means for an
3 assessment year the sum of the statewide percentage increase,
4 but not less than zero, in the percentage of actual value that
5 residential property for that assessment year is taxable over
6 the percentage of actual value that residential property for
7 the previous assessment year is taxable, plus one hundred
8 percent as determined by the director of revenue and finance
9 by November 15 of the assessment year.

10 b. "Cumulative homestead credit factor" means the product
11 of the annual homestead credit factor for the 1998 assessment
12 year and all annual homestead credit factors for subsequent
13 assessment years. The cumulative homestead credit factor
14 applies to the fiscal year following the assessment year for
15 which the latest annual homestead credit factor was
16 determined.

17 c. The annual homestead credit factor for the 1998
18 assessment year is one hundred percent.

19 Sec. 3. Section 441.21, subsection 4, Code 1999, is
20 amended to read as follows:

21 4. For valuations established as of January 1, 1979, the
22 percentage of actual value at which agricultural and
23 residential property shall be assessed shall be the quotient
24 of the dividend and divisor as defined in this section. The
25 dividend for each class of property shall be the dividend as
26 determined for each class of property for valuations
27 established as of January 1, 1978, adjusted by the product
28 obtained by multiplying the percentage determined for that
29 year by the amount of any additions or deletions to actual
30 value, excluding those resulting from the revaluation of
31 existing properties, as reported by the assessors on the
32 abstracts of assessment for 1978, plus six percent of the
33 amount so determined. ~~However, if the difference between the~~
34 ~~dividend so determined for either class of property and the~~
35 ~~dividend for that class of property for valuations established~~

1 as-of-January-17-1978, adjusted-by-the-product-obtained-by
2 multiplying-the-percentage-determined-for-that-year-by-the
3 amount-of-any-additions-or-deletions-to-actual-value,
4 excluding-those-resulting-from-the-revaluation-of-existing
5 properties, as-reported-by-the-assessors-on-the-abstracts-of
6 assessment-for-1978, is-less-than-six-percent, the-1979
7 dividend-for-the-other-class-of-property-shall-be-the-dividend
8 as-determined-for-that-class-of-property-for-valuations
9 established-as-of-January-17-1978, adjusted-by-the-product
10 obtained-by-multiplying-the-percentage-determined-for-that
11 year-by-the-amount-of-any-additions-or-deletions-to-actual
12 value, excluding-those-resulting-from-the-revaluation-of
13 existing-properties, as-reported-by-the-assessors-on-the
14 abstracts-of-assessment-for-1978, plus-a-percentage-of-the
15 amount-so-determined-which-is-equal-to-the-percentage-by-which
16 the-dividend-as-determined-for-the-other-class-of-property-for
17 valuations-established-as-of-January-17-1978, adjusted-by-the
18 product-obtained-by-multiplying-the-percentage-determined-for
19 that-year-by-the-amount-of-any-additions-or-deletions-to
20 actual-value, excluding-those-resulting-from-the-revaluation
21 of-existing-properties, as-reported-by-the-assessors-on-the
22 abstracts-of-assessment-for-1978, is-increased-in-arriving-at
23 the-1979-dividend-for-the-other-class-of-property. The
24 divisor for each class of property shall be the total actual
25 value of all such property in the state in the preceding year,
26 as reported by the assessors on the abstracts of assessment
27 submitted for 1978, plus the amount of value added to said
28 total actual value by the revaluation of existing properties
29 in 1979 as equalized by the director of revenue pursuant to
30 section 441.49. The director shall utilize information
31 reported on abstracts of assessment submitted pursuant to
32 section 441.45 in determining such percentage. For valuations
33 established as of January 1, 1980, and each year thereafter,
34 the percentage of actual value as equalized by the director of
35 revenue and finance as provided in section 441.49 at which

1 agricultural and residential property shall be assessed shall
2 be calculated in accordance with the methods provided herein
3 ~~including the limitation of increases in agricultural and~~
4 ~~residential assessed values to the percentage increase of the~~
5 ~~other class of property if the other class increases less than~~
6 ~~the allowable limit adjusted to include the applicable and~~
7 ~~current values as equalized by the director of revenue and~~
8 ~~finance, except that any~~ in this subsection. However,
9 references to six percent in this subsection shall be four
10 percent.

11 For valuations established as of January 1, 1999, and each
12 year thereafter, references to six percent in this subsection
13 shall be three percent.

14 Sec. 4. APPLICABILITY.

15 1. Sections 1 and 2 of this Act apply to the computation
16 of homestead credits allowed for taxes payable in fiscal years
17 beginning on or after July 1, 2000.

18 2. Section 3 of this Act applies retroactively to January
19 1, 1999, for valuations for property tax established on or
20 after that date.

21 EXPLANATION

22 Under present law, statewide valuations for residential and
23 agricultural property are limited to an increase from year to
24 year of 4 percent. This bill reduces this to 3 percent. In
25 addition, under present law, the valuations have been tied
26 together so that one will not increase at a faster rate than
27 the other. This has resulted in residential property being
28 subject to tax at less than 60 percent of its actual value for
29 the last four assessment years.

30 The bill removes the tie between residential and
31 agricultural valuations and increases the amount of actual
32 value upon which the homestead credit for residential property
33 is based by the amount of the increase in statewide
34 residential values.

35 The bill applies retroactively to valuations established on

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1 or after January 1, 1999, and applies to fiscal years
2 beginning on or after July 1, 2000, for determining the
3 adjusted homestead credit amounts.

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