

SENATE FILE 145

BY DRAKE, KIBBIE, REHBERG,  
LAMBERTI, MILLER, RITTMER,  
ANGELO, RIFE, JENSEN, DEARDEN,  
and BOETTGER

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to veterans' benefits, veterans preference,  
2 veterans' claims, reimbursement for military service tax  
3 exemption, and providing a penalty and applicability date.

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

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SF 145  
STATE GOVERNMENT

## 1 DIVISION I

## 2 VETERAN BENEFITS

3 Section 1. NEW SECTION. 35.1 DEFINITIONS.

4 As used in this chapter and chapters 35A through 35D:

5 1. "Commission" means the commission of veterans affairs  
6 created in section 35A.2.7 2. "Veteran" means a resident of this state who served in  
8 the armed forces of the United States and who was discharged  
9 under honorable conditions. "Veteran" includes the following  
10 persons:11 a. Former members of the reserve forces of the United  
12 States who served at least twenty years in the reserve forces  
13 after January 28, 1973, and who were discharged under  
14 honorable conditions. However, a member of the reserve forces  
15 of the United States who completed a minimum aggregate of  
16 ninety days of active federal service, other than training,  
17 and was discharged under honorable conditions, or was retired  
18 under Title X of the United States Code shall be included as a  
19 veteran.20 b. Former members of the Iowa national guard who served at  
21 least twenty years in the Iowa national guard after January  
22 28, 1973, and who were discharged under honorable conditions.  
23 However, a member of the Iowa national guard who was activated  
24 for federal duty, other than training, for a minimum aggregate  
25 of ninety days, and was discharged under honorable conditions  
26 or was retired under Title X of the United States Code shall  
27 be included as a veteran.28 c. Former members of the active, oceangoing merchant  
29 marines who served during World War II at any time between  
30 December 7, 1941, and December 31, 1946, both dates inclusive,  
31 who were discharged under honorable conditions.32 d. Former members of the women's air force service pilots  
33 and other persons who have been conferred veterans status  
34 based on their civilian duties during World War II in  
35 accordance with federal Pub. L. No. 95-202, 38 U.S.C. § 106.

1 Sec. 2. Section 35.8, Code 1999, is amended to read as  
2 follows:

3 35.8 MONEY COMPRISING FUND.

4 A war orphans educational aid fund is created as a separate  
5 fund in the state treasury under the control of the commission  
6 of veterans affairs. Any money hereafter appropriated for the  
7 purpose of aiding in the education of orphaned children of  
8 ~~honorably-discharged-persons-who-served-in-the-military-or~~  
9 ~~naval-forces-of-the-United-States-in-World-War-I-or-World-War~~  
10 ~~II~~ veterans, as provided-by-this-chapter defined in section  
11 35.1, shall be known as deposited in the war orphans  
12 educational aid fund.

13 Sec. 3. Section 35.9, unnumbered paragraph 1, Code 1999,  
14 is amended to read as follows:

15 The commission of veterans affairs may expend not more than  
16 six hundred dollars per year for any one child who has lived  
17 in the state of Iowa for two years preceding application for  
18 aid, and who is the child of a person who died during-World  
19 ~~War-I-between-the-dates-of-April-6,1917,-and-June-27,1921,-or~~  
20 ~~during-World-War-II-between-the-dates-of-September-16,1940,~~  
21 ~~and-December-31,1946,-both-dates-inclusive,-or-the-Korean~~  
22 ~~Conflict-between-June-25,1950,-and-January-31,1955,-both~~  
23 ~~dates-inclusive,-or-the-Vietnam-Conflict-between-August-5,~~  
24 ~~1964,-and-May-7,1975,-both-dates-inclusive,-or-the-Persian~~  
25 ~~Gulf-Conflict-at-any-time-between-August-2,1990,-and-the-date~~  
26 ~~the-president-or-the-Congress-of-the-United-States-declares-a~~  
27 ~~permanent-cessation-of-hostilities,-both-dates-inclusive,-~~  
28 ~~while-serving-in-the~~ during active federal ~~or-naval~~  
29 forces service while serving in the armed forces or during  
30 active federal military service in the Iowa national guard or  
31 other military component of the United States, to include  
32 ~~members-of-the-reserve-components-performing-service-or-duties~~  
33 ~~required-or-authorized-under-chapter-39,United-States-Code~~  
34 ~~and-Title-32,United-States-Code,sections-502-through-505,~~  
35 ~~and-active-state-service-required-or-authorized-under-chapter~~

~~1 29A,--or-as-a-result-of-such-service, to defray the expenses of  
2 tuition, matriculation, laboratory and similar fees, books and  
3 supplies, board, lodging, and any other reasonably necessary  
4 expense for such the child or children incident to attendance  
5 in this state at an educational or training institution of  
6 college grade, or in a business or vocational training school  
7 with standards approved by the commission of veterans affairs.  
8 However,--if-Congress-enacts-a-date-different-from-August-2,  
9 1990,--as-the-beginning-of-the-Persian-Gulf-Conflict-for  
10 purposes-of-determining-whether-a-veteran-is-entitled-to  
11 receive-military-benefits-as-a-veteran-of-the-Persian-Gulf  
12 Conflict,--that-date-shall-be-substituted-for-August-2,--1990.~~

13 Sec. 4. Section 35A.8, Code 1999, is amended by adding the  
14 following new subsection:

15 NEW SUBSECTION. 4. a. The executive director shall  
16 provide for the administration of the bonus authorized in this  
17 subsection. The commission shall adopt rules, pursuant to  
18 chapter 17A, as necessary to administer this subsection  
19 including, but not limited to, application procedures,  
20 investigation, approval or disapproval, and payment of claims.

21 b. (1) Each person who served on active duty in the  
22 active, oceangoing merchant marine service of the United  
23 States, at any time between September 16, 1940, and September  
24 2, 1945, both dates inclusive, and who served for a period of  
25 not less than one hundred twenty days on or before December  
26 31, 1946, and who at the time of entering into the merchant  
27 marine service was a legal resident of the state of Iowa, and  
28 who had maintained the person's residence in this state for a  
29 period of at least six months immediately before entering the  
30 merchant marine service, and was honorably discharged or  
31 separated from the merchant marine service, is entitled to  
32 receive from moneys appropriated for that purpose the sum of  
33 twelve dollars and fifty cents for each month that the person  
34 was on active duty in the merchant marine service, all before  
35 December 31, 1946, not to exceed a total sum of five hundred

1 dollars. Compensation for a fraction of a month shall not be  
2 considered unless the fraction is sixteen days or more, in  
3 which case the fraction shall be computed as a full month.

4 (2) A person is not entitled to compensation pursuant to  
5 this subsection if the person received a bonus or compensation  
6 similar to that provided in this subsection from another  
7 state.

8 (3) A person is not entitled to compensation pursuant to  
9 this subsection if the person was on active duty in the  
10 merchant marine service after September 16, 1940, and the  
11 person refused on conscientious, political, religious, or  
12 other grounds, to be subject to military discipline.

13 (4) The surviving unremarried widow or widower, child or  
14 children, mother, father, or person standing in loco parentis,  
15 in the order named and none other, of any deceased person,  
16 shall be paid the compensation that the deceased person would  
17 be entitled to pursuant to this subsection, if living, but if  
18 any person has died or shall die, or is disabled, from  
19 service-connected causes incurred during the period and in the  
20 area from which the person is entitled to receive compensation  
21 pursuant to this subsection, the person or the first survivor  
22 as designated by this subsection and in the order named, shall  
23 be paid five hundred dollars, regardless of the length of  
24 service.

25 c. A person who knowingly makes a false statement relating  
26 to a material fact in supporting an application under this  
27 subsection is guilty of a serious misdemeanor. A person  
28 convicted pursuant to this subsection shall forfeit all  
29 benefits to which the person may have been entitled under this  
30 subsection.

31 d. All payments and allowances made under this subsection  
32 shall be exempt from taxation and from levy and sale on  
33 execution.

34 e. The bonus compensation authorized under this subsection  
35 shall be paid from moneys appropriated for that purpose.

1 Sec. 5. Section 35B.3, Code 1999, is amended to read as  
2 follows:

3 35B.3 COUNTY COMMISSION OF VETERAN AFFAIRS.

4 The county commission of veteran affairs shall consist of  
5 either three or five persons, as determined by the board of  
6 supervisors, all of whom shall be ~~honorably-discharged-persons~~  
7 ~~who-served-in-the-military-or-naval-forces-of-the-United~~  
8 ~~States-in-any-war,-including-World-War-I-at-any-time-between~~  
9 ~~April-6,-1917,-and-November-11,-1918,-both-dates-inclusive,-~~  
10 ~~World-War-II-at-any-time-between-December-7,-1941,-and~~  
11 ~~December-31,-1946,-both-dates-inclusive,-the-Korean-Conflict~~  
12 ~~at-any-time-between-June-25,-1950,-and-January-31,-1955,-both~~  
13 ~~dates-inclusive,-the-Vietnam-Conflict-at-any-time-between~~  
14 ~~December-22,-1961,-and-May-7,-1975,-both-dates-inclusive,-and~~  
15 ~~the-Persian-Gulf-Conflict-at-any-time-between-August-2,-1990,~~  
16 ~~and-the-date-the-president-or-the-Congress-of-the-United~~  
17 ~~States-declares-a-permanent-cessation-of-hostilities,-both~~  
18 ~~dates-inclusive.--However,-if-Congress-enacts-a-date-different~~  
19 ~~from-August-2,-1990,-as-the-beginning-of-the-Persian-Gulf~~  
20 ~~Conflict-for-purposes-of-determining-whether-a-veteran-is~~  
21 ~~entitled-to-receive-military-benefits-as-a-veteran-of-the~~  
22 ~~Persian-Gulf-Conflict,-that-date-shall-be-substituted-for~~  
23 ~~August-2,-1990~~ veterans as defined in section 35.1. If  
24 possible, each member of the commission shall be a veteran of  
25 a different war-or-conflict,-so-as-to-divide-membership-among  
26 the-persons-who-served-in-World-War-I,-World-War-II,-the  
27 Korean-Conflict,-the-Vietnam-Conflict,-and-the-Persian-Gulf  
28 Conflict,-however, military action. However, this  
29 qualification does not preclude membership to a veteran who  
30 served in more than one of the wars-or-conflicts military  
31 actions.

32 Sec. 6. Section 35B.10, unnumbered paragraph 1, Code 1999,  
33 is amended to read as follows:

34 All claims certified by the commission shall be reviewed by  
35 the board of supervisors and the county auditor shall issue

1 warrants in payment of the claims. All applications,  
2 investigation reports and case records are privileged  
3 communications and shall be held confidential, subject to use  
4 and inspection only by persons authorized by law in connection  
5 with their official duties relating to financial audits and  
6 the administration of this chapter. However, the county  
7 commission of veteran affairs shall prepare and file in the  
8 office of the county auditor on or before the thirtieth day of  
9 each January, April, July and October a report showing the  
10 ~~names-and-addresses~~ case numbers of all recipients receiving  
11 assistance under this chapter, together with the amount paid  
12 to each during the preceding quarter. Each report so filed  
13 shall be securely fixed in a record book to be used only for  
14 such reports made under this chapter.

15 Sec. 7. Section 35B.13, Code 1999, is amended to read as  
16 follows:

17 35B.13 BURIAL -- EXPENSES.

18 The commission is responsible for the interment in a  
19 suitable cemetery of the body of any honorably-discharged  
20 ~~person-who-served-in-the-military-or-naval-forces-of-the~~  
21 ~~United-States-during-any-war,-including-World-War-I-at-any~~  
22 ~~time-between-April-6,-1917,-and-November-11,-1918,-both-dates~~  
23 ~~inclusive,-World-War-II-at-any-time-between-December-7,-1941,~~  
24 ~~and-December-31,-1946,-both-dates-inclusive,-the-Korean~~  
25 ~~Conflict-at-any-time-between-June-25,-1950,-and-January-31,~~  
26 ~~1955,-both-dates-inclusive,-the-Vietnam-Conflict-at-any-time~~  
27 ~~between-December-22,-1961,-and-May-7,-1975,-both-dates~~  
28 ~~inclusive,-and-the-Persian-Gulf-Conflict-at-any-time-between~~  
29 ~~August-2,-1990,-and-the-date-the-president-or-the-Congress-of~~  
30 ~~the-United-States-declares-a-permanent-cessation-of~~  
31 ~~hostilities,-both-dates-inclusive,~~ veteran, as defined in  
32 section 35.1, or the spouse, surviving spouse, or child of the  
33 person, if the person has died without leaving sufficient  
34 means to defray the funeral expenses. However,-if-Congress  
35 ~~enacts-a-date-different-from-August-2,-1990,-as-the-beginning~~

1 of-the-Persian-Gulf-Conflict-for-purposes-of-determining  
2 whether-a-veteran-is-entitled-to-receive-military-benefits-as  
3 a-veteran-of-the-Persian-Gulf-Conflict, that date shall be  
4 substituted-for-August-27-1990. The commission may pay the  
5 expenses in a sum not exceeding an amount established by the  
6 board of supervisors.

7 Sec. 8. Section 35B.14, unnumbered paragraph 1, Code 1999,  
8 is amended to read as follows:

9 The board of supervisors of each county may appropriate  
10 moneys for the food, clothing, shelter, utilities, medical  
11 benefits, and funeral expenses of honorably-discharged,  
12 indigent persons who served in the military or naval forces of  
13 the United States in any war including World War I at any time  
14 between April 6, 1917, and November 11, 1918, both dates  
15 inclusive, World War II at any time between December 7, 1941,  
16 and December 31, 1946, both dates inclusive, the Korean  
17 Conflict at any time between June 25, 1950, and January 31,  
18 1955, both dates inclusive, the Vietnam Conflict at any time  
19 between December 22, 1961, and May 7, 1975, both dates  
20 inclusive, and the Persian Gulf Conflict at any time between  
21 August 2, 1990, and the date the president or the Congress of  
22 the United States declares a permanent cessation of  
23 hostilities, both dates inclusive, veterans, as defined in  
24 section 35.1, and their indigent spouses, surviving spouses,  
25 and minor children not over eighteen years of age, having a  
26 legal residence in the county. However, if Congress enacts a  
27 date different from August 2, 1990, as the beginning of the  
28 Persian Gulf Conflict for purposes of determining whether a  
29 veteran is entitled to receive military benefits as a veteran  
30 of the Persian Gulf Conflict, that date shall be substituted  
31 for August 2, 1990.

32 Sec. 9. Section 35B.16, Code 1999, is amended to read as  
33 follows:

34 35B.16 MARKERS FOR GRAVES.

35 The county commission of veteran affairs may furnish a

1 suitable and appropriate metal marker for the grave of each  
2 ~~honorably discharged person, who served in the military or~~  
3 ~~naval forces of the United States during any war, including~~  
4 ~~World War I at any time between April 6, 1917, and November~~  
5 ~~11, 1918, both dates inclusive; World War II at any time~~  
6 ~~between December 7, 1941, and December 31, 1946, both dates~~  
7 ~~inclusive; the Korean Conflict at any time between June 25,~~  
8 ~~1950, and January 31, 1955, both dates inclusive; the Vietnam~~  
9 ~~Conflict at any time between December 22, 1961, and May 7,~~  
10 ~~1975, both dates inclusive; and the Persian Gulf Conflict at~~  
11 ~~any time between August 2, 1990, and the date the president or~~  
12 ~~the Congress of the United States declares a permanent~~  
13 ~~cessation of hostilities, both dates inclusive; and veteran,~~  
14 ~~as defined in section 35.1, who is buried within the limits of~~  
15 ~~the county, to. The marker shall be placed at the~~  
16 ~~individual's grave to permanently mark and designate the grave~~  
17 ~~for memorial purposes. The expenses shall be paid from any~~  
18 ~~funds raised as provided in this chapter. ~~If Congress enacts~~~~  
19 ~~a date different from August 2, 1990, as the beginning of the~~  
20 ~~Persian Gulf Conflict for purposes of determining whether a~~  
21 ~~veteran is entitled to receive military benefits as a veteran~~  
22 ~~of the Persian Gulf Conflict, that date shall be substituted~~  
23 ~~for August 2, 1990.~~

24 Sec. 10. Section 35C.3, Code 1999, is amended to read as  
25 follows:

26 35C.3 DUTY TO INVESTIGATE AND APPOINT.

27 When any preferred person ~~shall apply~~ applies for  
28 appointment or employment under this chapter, the officer,  
29 board, or person whose duty it is or may be to appoint or  
30 employ ~~some~~ a person to fill ~~such~~ the position or place shall,  
31 before appointing or employing ~~anyone~~ a person to fill ~~such~~  
32 the position or place, make an investigation as to the  
33 qualifications of ~~said~~ the applicant for ~~such~~ the place or  
34 position, and if the applicant is of good moral character and  
35 can perform the duties of ~~said~~ the position so applied for, as

1 ~~hereinbefore-provided,~~ said the officer, board, or person  
2 shall appoint ~~said the~~ applicant to ~~such the~~ position, place,  
3 or employment. ~~Said The~~ appointing officer, board, or person  
4 shall set forth in writing and file for public inspection, the  
5 specific grounds upon which it ~~is-held-that-the-person~~  
6 appointed ~~is-entitled-to-said-appointment,~~ or ~~in-the-case-such~~  
7 ~~appointment-is-refused,~~ ~~the-specific-grounds-for-the-refusal~~  
8 ~~thereof~~ refused to appoint the person. Within ten days after  
9 an appointment is refused, the appointing officer, board, or  
10 person shall notify the unsuccessful applicant in writing of  
11 the specific grounds for refusal.

12 Sec. 11. NEW SECTION. 35C.5A ARBITRATION.

13 In addition to the remedies provided in sections 35C.4 and  
14 35C.5, a person belonging to a class of persons qualifying for  
15 a preference may submit any refusal to allow a preference, or  
16 any reduction of the person's salary as described in section  
17 35C.4, to arbitration within sixty days after written  
18 notification of the refusal or reduction. Within ten days  
19 after any submission, an arbitrator shall be selected by a  
20 committee that includes one member chosen by the person  
21 refused preference, one member chosen by the appointing  
22 officer, board, or person, and one member who shall be a  
23 disinterested party selected by the other two members of the  
24 committee. A list of qualified arbitrators may be obtained  
25 from the American arbitration association or other recognized  
26 arbitration organization or association. The decision of the  
27 arbitrator shall be final and binding on the parties.

28 Sec. 12. Section 37.10, unnumbered paragraph 1, Code 1999,  
29 is amended to read as follows:

30 Each commissioner shall be ~~an-honorably-discharged-soldier,~~  
31 ~~sailor,~~ ~~marine,~~ ~~airman,~~ ~~or-coast-guard-member~~ a veteran, as  
32 defined in section 35.1, and be a resident of the county in  
33 which the memorial hall or monument is located.

34 Sec. 13. Section 282.6, unnumbered paragraph 1, Code 1999,  
35 is amended to read as follows:

1 Every school shall be free of tuition to all actual  
2 residents between the ages of five and twenty-one years and to  
3 resident ~~honorably-discharged-soldiers, sailors, and marines~~  
4 veterans as defined in section 35.1, as many months after  
5 becoming twenty-one years of age as they have spent in the  
6 ~~military-or-naval-service~~ armed forces of the United States  
7 before they became twenty-one, provided, however, fees may be  
8 charged covering instructional costs for a summer school or  
9 drivers education program. The board of education may, in a  
10 hardship case, exempt a student from payment of the above  
11 fees. Every person, however, who shall attend any school  
12 after graduation from a four-year course in an approved high  
13 school or its equivalent shall be charged a sufficient tuition  
14 fee to cover the cost of the instruction received by such the  
15 person.

16 Sec. 14. Section 331.608, subsection 8, Code 1999, is  
17 amended to read as follows:

18 8. As used in this section, "veteran" means a ~~man-or-woman~~  
19 veteran as defined in section 35.1 who enlisted or was  
20 inducted from the county, resided at any time in the county,  
21 or is buried in the county ~~and-who-served-as-a-member-of-a~~  
22 ~~branch-of-the-armed-forces-of-the-United-States-of-America, as~~  
23 ~~a-member-of-the-merchant-marine-during-the-time-of-war, during~~  
24 ~~the-Korean-Conflict-beginning-June-25, 1950, and ending~~  
25 ~~January-31, 1955, both dates inclusive, or during the Vietnam~~  
26 ~~Conflict-beginning-August-5, 1964, and ending-June-30, 1973,~~  
27 ~~both dates inclusive, or as a member of the armed forces of a~~  
28 ~~country-allied-with-the-United-States-of-America-or-the-armed~~  
29 ~~forces-of-Iowa-or-another-state-or-territory.~~

30 Sec. 15. Section 400.10, Code 1999, is amended to read as  
31 follows:

32 400.10 PREFERENCES.

33 In all examinations and appointments under this chapter,  
34 other than promotions and appointments of chief of the police  
35 department and chief of the fire department, honorably

1 discharged veterans from the military or naval forces of the  
2 United States in any war in which the United States has been  
3 engaged, including the Korean Conflict at any time between  
4 June 25, 1950, and January 31, 1955, both dates inclusive, the  
5 Vietnam Conflict beginning August 5, 1964, and ending May 7,  
6 1975, both dates inclusive, and the Persian Gulf Conflict  
7 beginning August 2, 1990, and ending on the date specified by  
8 the president or the Congress of the United States as the date  
9 of permanent cessation of hostilities, both dates inclusive,  
10 and as defined in section 35.1, who are citizens and residents  
11 of this state, shall have five points added to the veteran's  
12 grade or score attained in qualifying examinations for  
13 appointment to positions and five additional points added to  
14 the grade or score if the veteran has a service-connected  
15 disability or is receiving compensation, disability benefits  
16 or pension under laws administered by the veterans  
17 administration. However, if the Congress of the United States  
18 enacts a date different from August 2, 1990, as the beginning  
19 of the Persian Gulf Conflict to determine the eligibility of a  
20 veteran for military benefits as a veteran of the Persian Gulf  
21 Conflict, the date enacted by the Congress of the United  
22 States shall be substituted for August 2, 1990. An honorably  
23 discharged veteran who has been awarded the Purple Heart for  
24 disabilities incurred in action shall be considered to have a  
25 service-connected disability. However, the points shall be  
26 given only upon passing the exam and shall not be the  
27 determining factor in passing.

28 For the purposes of this section World War II shall be from  
29 December 7, 1941, to December 31, 1946, both dates inclusive.

30 Sec. 16. Section 427.3, subsections 1, 2, and 3, Code  
31 1999, are amended to read as follows:

32 1. The property, not to exceed two thousand seven hundred  
33 seventy-eight dollars in taxable value of any honorably  
34 discharged soldier, sailor, marine, or nurse veteran, as  
35 defined in section 35.1, of the first World War.

1 2. The property, not to exceed one thousand eight hundred  
2 fifty-two dollars in taxable value of an honorably separated,  
3 retired, furloughed to a reserve, placed on inactive status,  
4 or discharged soldier, sailor, marine, or nurse of the second  
5 World War from December 7, 1941, to December 31, 1946, army of  
6 occupation in Germany from November 12, 1918, to July 11,  
7 1923, American expeditionary forces in Siberia from November  
8 12, 1918, to April 30, 1920, second Nicaraguan campaign with  
9 the navy or marines in Nicaragua or on combatant ships 1926-  
10 1933, second Haitian suppression of insurrections 1919-1920,  
11 navy and marine operations in China 1937-1939 and Yangtze  
12 service with navy and marines in Shanghai or in the Yangtze  
13 Valley 1926-1927 and 1930-1932 or of the Korean Conflict at  
14 any time between June 25, 1950, and January 31, 1955, both  
15 dates inclusive, or those who served on active duty during the  
16 Vietnam Conflict beginning December 22, 1961, and ending May  
17 7, 1975, both dates inclusive, or those who served on active  
18 duty during the Persian Gulf Conflict at any time between  
19 August 2, 1990, and the date the president or the Congress of  
20 the United States declares a permanent cessation of  
21 hostilities, both dates inclusive veteran, as defined in  
22 section 35.1. However, if Congress enacts a date different  
23 from August 2, 1990, as the beginning of the Persian Gulf  
24 Conflict for purposes of determining whether a veteran is  
25 entitled to receive military benefits as a veteran of the  
26 Persian Gulf Conflict, that date shall be substituted for  
27 August 2, 1990. -- For the purposes of this section, "active  
28 duty" means full-time duty in the armed forces of the United  
29 States, excluding active duty for training purposes only and  
30 excluding any period a person was assigned by the armed forces  
31 to a civilian institution for a course of education or  
32 training which was substantially the same as established  
33 courses offered to civilians, or as a cadet or midshipman,  
34 however enrolled, at one of the service academies.

35 3. Where the word "soldier veteran" appears in this

1 chapter, it includes, without limitation, the members of the  
2 United States air force and the United States merchant marine.

3 Sec. 17. Section 427.4, Code 1999, is amended to read as  
4 follows:

5 427.4 EXEMPTIONS TO RELATIVES.

6 In case any person in the foregoing classifications does  
7 not claim ~~any-such~~ the exemption from taxation, it shall be  
8 allowed in the name of ~~such~~ the person to the same extent on  
9 the property of any one of the following persons in the order  
10 named:

11 1. The spouse, or surviving spouse remaining unmarried, of  
12 ~~any-such-soldier, sailor, marine, or nurse~~ a veteran, as  
13 defined in section 35.1, where they are living together or  
14 were living together at the time of the death of ~~such-person~~  
15 the veteran.

16 2. The parent whose spouse is deceased and who remains  
17 unmarried, of ~~any-such-soldier, sailor, marine, or nurse~~ a  
18 veteran, as defined in section 35.1, whether living or  
19 deceased, where ~~such~~ the parent is, or was at the time of  
20 death of the ~~soldier, sailor, marine, or nurse~~ veteran,  
21 dependent on ~~such-person~~ the veteran for support.

22 3. The minor child, or children owning property as tenants  
23 in common, of ~~any-such~~ a deceased ~~soldier, sailor, marine, or~~  
24 nurse veteran, as defined in section 35.1.

25 No more than one tax exemption shall be allowed under this  
26 section or section 427.3 in the name of ~~any-honorably~~  
27 ~~discharged-soldier, sailor, marine, or nurse~~ a veteran, as  
28 defined in section 35.1.

29 Sec. 18. Section 483A.24, subsection 13, Code 1999, is  
30 amended to read as follows:

31 13. Upon payment of the fee of thirty dollars for a  
32 lifetime hunting and fishing combined license, the department  
33 shall issue a hunting and fishing combined license to a  
34 resident of Iowa who is a veteran, as defined in section 35.1,  
35 who was disabled during-the-period-of-a-veteran's-service

1 ~~listed in this subsection~~ or who was a prisoner of war during  
2 that veteran's military service. The department shall prepare  
3 an application to be used by a person requesting a hunting and  
4 fishing combined license under this subsection. The  
5 commission of veterans affairs shall assist the department in  
6 verifying the status or claims of applicants under this  
7 subsection. As used in this subsection, "veteran" means a  
8 ~~person who is a resident of Iowa and who served in the armed~~  
9 ~~forces of the United States of America at any time during~~  
10 ~~World War I between the dates of April 6, 1917, and July 2,~~  
11 ~~1921, World War II between the dates of December 7, 1941, and~~  
12 ~~December 31, 1946, the Korean Conflict between the dates of~~  
13 ~~June 27, 1950, and January 31, 1955, the Vietnam Conflict~~  
14 ~~between August 5, 1964, and May 7, 1975, or the Persian Gulf~~  
15 ~~Conflict between August 2, 1990, and the date the president or~~  
16 ~~the Congress of the United States declares a permanent~~  
17 ~~cessation of hostilities, all dates inclusive, and "disabled"~~  
18 means entitled to compensation under the United States Code,  
19 Title 38, chapter 11.

20 Sec. 19. Section 35.7, Code 1999, is repealed.

21 DIVISION II

22 MILITARY SERVICE PROPERTY TAX CREDIT AND EXEMPTION

23 Sec. 20. Section 25B.7, subsection 2, paragraph c, Code  
24 1999, is amended to read as follows:

25 c. Military service property tax credit and exemption  
26 pursuant to chapter 426A and sections 427.3 through 427.7, to  
27 the extent of ~~six~~ ten dollars and ~~seventy-five~~ thirty-five  
28 cents per thousand dollars of assessed value of the exempt  
29 property.

30 Sec. 21. Section 426A.2, Code 1999, is amended to read as  
31 follows:

32 426A.2 MILITARY SERVICE TAX CREDIT.

33 The moneys shall be apportioned each year so as to replace  
34 all or a portion of the tax which would be due on property  
35 eligible for military service tax exemption in the state, if

1 the property were subject to taxation, the amount of the  
2 credit to be not more than six ten dollars and seventy-five  
3 thirty-five cents per thousand dollars of assessed value of  
4 property which would be subject to the tax, except for the  
5 military service tax exemption.

6 Sec. 22. The increase in state reimbursement resulting  
7 from the amendment to section 426A.2 in this Act is subject to  
8 the limitation on its use by local governments as provided in  
9 section 25B.7, subsection 3.

10 Sec. 23. Division II of this Act applies to the military  
11 service property tax exemption claims allowed on or after  
12 January 1, 2000.

13 EXPLANATION

14 Division I of this bill redefines "veteran" to include  
15 persons who served in the armed forces of the United States  
16 during peacetime or in civilian occupations which have been  
17 given military status when performed during actual conflict or  
18 in war zones.

19 In addition to the persons who served during wars or  
20 military conflicts, the term "veteran" is redefined to include  
21 former members of the armed forces who served on active duty  
22 during peacetime and were discharged under honorable  
23 conditions, former members of the national guard or military  
24 reserve who served 20 or more years after January 28, 1973,  
25 and were discharged under honorable conditions, former members  
26 of the active, oceangoing merchant marines who served during  
27 World War II and were discharged under honorable conditions,  
28 and former members of the women's air force service pilots and  
29 other persons who have been conferred veterans status based on  
30 their civilian duties during World War II pursuant to federal  
31 law. A veteran also includes a member of the reserve forces  
32 of the United States or the Iowa national guard who was  
33 activated for federal service for at least 90 days or  
34 completed at least 90 days of active federal service,  
35 excluding training, and was discharged or retired under

1 honorable conditions. The definition change makes these  
2 persons and their families eligible for veteran benefits, such  
3 as military service property tax exemptions and credits,  
4 education benefits for veterans' children, burial benefits,  
5 employment preferences, bonus compensation for active,  
6 oceangoing merchant marines during World War II, and benefits  
7 for indigent veterans and their families.

8 Division I establishes a bonus compensation for merchant  
9 marines who served during World War II and were discharged  
10 under honorable conditions or for qualified relatives of  
11 deceased merchant marines. The bonus is to be administered by  
12 the executive director of the state commission of veterans  
13 affairs. The bonus amounts to \$12.50 for each month served on  
14 active duty, not to exceed a total of \$500. A person applying  
15 for bonus compensation who knowingly makes a false statement  
16 relating to a material fact commits a serious misdemeanor and  
17 forfeits all rights to such compensation.

18 Division I amends the military service property tax  
19 exemption provisions to correspond to the new definition of  
20 veteran.

21 Division I replaces the term "honorably discharged persons"  
22 with the term "veteran" for purposes of memorial markers  
23 placed by county commissions of veteran affairs, for  
24 membership on county commissions of veteran affairs, for  
25 payment of burial expenses of veterans, for payments to  
26 indigent veterans, and for the war orphans educational aid  
27 fund. This change expands the number of persons eligible for  
28 veterans preference and for lifetime hunting and fishing  
29 licenses.

30 Claims certified by a county commission of veteran affairs  
31 are required to be reviewed by the county board of supervisors  
32 and the county auditor then issues warrants in payment of the  
33 claims. The Code requires the county commissions to prepare  
34 and file quarterly in the county auditor's office a report  
35 showing the names and addresses of all recipients of

1 assistance. Division I requires that case numbers, rather  
2 than names and addresses, be used to identify recipients.

3 Under Division I, when a person who qualifies for a  
4 veterans preference applies for an appointment or employment,  
5 and is refused the appointment or employment, the appointing  
6 officer, board, or person is required, within 10 days of the  
7 refusal, to notify the unsuccessful applicant in writing of  
8 the specific grounds for refusal.

9 If a person who belongs to a class of persons qualifying  
10 for veterans preference is refused a preference or receives a  
11 qualifying reduction in salary, the Code currently allows the  
12 person the remedies of judicial review and appeal. Division I  
13 adds arbitration as a third remedy. Within 60 days after  
14 written notification of the refusal or reduction, the person  
15 affected may submit the refusal or reduction to arbitration.  
16 Within 10 days of a submission, an arbitrator shall be  
17 selected by a committee that includes one member chosen by the  
18 person refused preference, one member chosen by the appointing  
19 officer, board, or person, and one member who shall be a  
20 disinterested party selected by the other two members of the  
21 committee. The arbitrator's decision is final and binding.

22 Division I repeals Code section 35.7, which becomes  
23 redundant with the amendment to Code section 35.8.

24 Under present law, the state will reimburse local  
25 governments for the lost tax revenue resulting from the  
26 military service tax exemption. However, the amount of  
27 reimbursement is limited to \$6.75 per \$1,000 of the assessed  
28 value of the exemption. Since the consolidated levies  
29 throughout the state exceed \$6.75 per \$1,000 of the assessed  
30 value, the local governments are not reimbursed for all the  
31 lost property tax revenue. This bill increases the amount of  
32 the reimbursement to \$10.35 per \$1,000 of the assessed value.

33 Division II also limits the use of the increased  
34 reimbursement to local governments to property tax relief and  
35 infrastructure needs until July 1, 2002.

1 Division II applies to military service property tax  
2 exemption claims allowed on or after January 1, 2000.

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**SENATE FILE 145  
FISCAL NOTE**

A fiscal note for **Senate File 145** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 145 redefines the definition of veteran, provides a bonus compensation for merchant marines, and amends the military service property tax exemptions based upon the new definition of veteran.

**ASSUMPTIONS**

1. Bonus compensations for merchant marines:
  - A. There are approximately 300 eligible merchant marines/widows/children.
  - B. The maximum bonus is \$500 per eligible merchant marine or survivor.
  
2. The military service property tax exemption based upon the new definition of veteran:
  - A. The redefinition of "veteran" to include all persons honorably discharged from the armed services would increase the number of veterans from approximately 295,000 to 350,000 veterans. Of these 55,000 veterans, 41,250 (75.0%) are assumed to be eligible homeowners.
  - B. The expansion of the definition of "veteran" to include veterans of the Iowa National Guard and the reserve forces would increase the number of eligible veterans by an additional 600 persons. This number has been reduced by one-third to avoid double counting those individuals that have served in multiple service areas.
  - C. The military service exemption allows eligible property owners to reduce the taxable value of their home by \$1,852. The State currently reimburses local governments for \$6.75 per \$1,000 of lost taxable valuation. Senate File 145 increases the reimbursement to \$10.35 per \$1,000 of lost taxable valuation.
  - D. The average consolidated tax rate is estimated to be \$30.00 per \$1,000 of taxable valuation.

**FISCAL IMPACT**

The estimated cost to the State General Fund for SF 145 is as follows:

	<u>FY 2000</u>	<u>FY 2001</u>
Merchant Marines	\$ 150,000	\$ 0
Military Exempt. Approp.	0	2,500,000
Total	<u>\$ 150,000</u>	<u>\$2,500,000</u>

PAGE 2 , FISCAL NOTE, SENATE FILE 145

-2-

The additional \$2.5 million reimbursement by the State for the Military Service Tax Exemption effectively reimburses localities for the increased number of individuals eligible due to SF 145.

**SOURCES**

Commission on Veterans Affairs  
Iowa Veterans Home  
Department of Management  
U.S. Census Bureau  
U.S. Department of Defense

(LSB 1226SS, LCS)

FILED FEBRUARY 23, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR