

FILED FEB 6 '01

SENATE FILE 138
BY McCOY

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

A BILL FOR

1 An Act extending veterans benefits, preferences, and tax
2 exemptions to certain members of reserve forces of the United
3 States and the Iowa national guard, and providing an effective
4 date for property tax exemption claims.

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

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SF 138
STATE GOVERNMENT

1 Section 1. Section 35.1, subsection 2, paragraph b,
2 subparagraphs (1) and (2), Code 2001, are amended to read as
3 follows:

4 (1) ~~Former-members~~ Members of the reserve forces of the
5 United States who have served at least twenty years in the
6 reserve forces ~~after-January-28-1973~~ and who continue to
7 serve or were discharged under honorable conditions. However,
8 a member of the reserve forces of the United States who
9 completed a minimum aggregate of ninety days of active federal
10 service, other than training, and was discharged under
11 honorable conditions, or was retired under Title X of the
12 United States Code shall be included as a veteran.

13 (2) ~~Former-members~~ Members of the Iowa national guard who
14 have served at least twenty years in the Iowa national guard
15 ~~after-January-28-1973~~ and who continue to serve or were
16 discharged under honorable conditions. However, a member of
17 the Iowa national guard who was activated for federal duty,
18 other than training, for a minimum aggregate of ninety days,
19 and was discharged under honorable conditions or was retired
20 under Title X of the United States Code shall be included as a
21 veteran.

22 Sec. 2. STATE FUNDING. The military service tax
23 exemptions and credits provided pursuant to this Act shall be
24 funded pursuant to chapter 426A to the extent of six dollars
25 and ninety-two cents per thousand dollars of the assessed
26 value of the exempt property.

27 Sec. 3. APPLICABILITY. Section 2 of this Act applies to
28 military service property tax exemption claims allowed on or
29 after January 1, 2002.

30 EXPLANATION

31 This bill modifies the definition of "veteran" to include
32 members of the reserve forces of the United States and the
33 Iowa national guard who have served at least 20 years in the
34 reserve or guard units. Under the bill it is not necessary to
35 have served at least 20 years after January 28, 1973, nor is

1 it necessary to be discharged after the period of service to
2 be eligible for veterans benefits.

3 In response to the requirements of Code section 25B.7, the
4 military service tax exemptions and credits resulting from the
5 modification to the definition of "veteran" are funded as
6 provided in Code chapter 426A to the extent of \$6.92 per
7 \$1,000 of the assessed value of the exempt property. The
8 property tax exemption credits and exemptions provided under
9 this bill apply to those claims allowed on or after January 1,
10 2002.

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**SENATE FILE 138
FISCAL NOTE****REQUESTED BY:
SENATOR DRAKE**

A fiscal note for **Senate File 138** 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 138 modifies the definition of a veteran eligible for the military service property tax credit to include members of the reserve forces of the United States and the Iowa National Guard who have served at least 20 years in the reserve or guard units. The Bill also deletes the requirement that the 20 years be served after January 28, 1973, and that a discharge is required to be eligible for veterans benefits.

The military service property tax credit exempts the first \$1,852 of taxable value of a qualifying person's home from taxation. Currently, the State reimburses localities for the first \$6.92/\$1,000 of taxable valuation for the credit. Localities are responsible for the remainder.

ASSUMPTIONS

1. There are approximately 1,250 individuals retired from the Iowa National Guard who would be eligible under this Bill.
2. There are 773 individuals currently in the Iowa National Guard who are still active with 20 years of service who would be eligible under this Bill.
3. There are approximately 700 eligible members of the United States reserves.
4. It is estimated that 75.0% of these individuals are eligible homeowners.
5. The average consolidated tax rate is estimated to be \$30.75 per \$1,000 of taxable valuation.

FISCAL IMPACT

The estimated fiscal impact of SF 138 for FY 02 to the State General Fund is approximately \$26,000. Senate File 138 would also result in a decrease in revenues to local governments of approximately \$90,000, which would not be reimbursed by the State.

SOURCES

Commission of Veterans Affairs
Department of Management

(LSB 1763XS, AAW)