

JAN 21 2003
WAYS AND MEANS

HOUSE FILE 37

BY STRUYK, REASONER, THOMAS, MURPHY,
OLDSON, WHITEAD, SMITH, LYKAM,
QUIRK, D. OLSON, MYERS, BUKTA,
MASCHER, CONNORS, KUHN,
GREIMANN, FOEGE, OSTERHAUS, WENDT,
MERTZ, FREVERT, WINCKLER,
COHOON, LENSING, STEVENS, MILLER,
PETERSEN, BERRY, GASKILL, JOCHUM,
SWAIM, HOGG, WHITAKER, FORD,
and McCARTHY

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

A BILL FOR

1 An Act relating to the allowance of and reimbursement for the
2 homestead, agricultural land, military service, and elderly
3 and disabled property tax credits, making appropriations, and
4 providing an effective date.

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

6
7
8
9
10
11
12
13
14
15
16

HF 37

1 Section 1. HOMESTEAD TAX CREDIT.

2 1. 2002 Iowa Acts, chapter 1171, section 175, subsection
3 10, as amended by 2002 Iowa Acts, Second Extraordinary
4 Session, chapter 1003, section 181, is amended by striking the
5 subsection.

6 2. Additional funds available from the appropriation in
7 section 425.1, as a result of subsection 1 of this section of
8 this Act, shall be used to reimburse counties, to the extent
9 not previously reimbursed, that granted to taxpayers the
10 maximum allowable homestead credit pursuant to section 425.1.
11 Payments made pursuant to this subsection shall not be made
12 sooner than March 15, 2003.

13 3. Each county that did not grant the maximum homestead
14 credit allowed pursuant to section 425.1 shall grant a
15 carryover homestead credit. The carryover homestead credit
16 shall apply against taxes due and payable in the fiscal year
17 beginning July 1, 2003, to each property that was granted a
18 homestead credit for taxes due and payable in the fiscal year
19 beginning July 1, 2002. The carryover homestead credit shall
20 be granted whether the property continues to qualify for the
21 regular homestead credit for taxes due and payable in the
22 fiscal year beginning July 1, 2003. The amount of the
23 carryover credit equals the difference between the maximum
24 allowable homestead credit minus the actual amount of the
25 homestead credit granted for taxes due and payable in the
26 fiscal year beginning July 1, 2002. A county granting the
27 carryover homestead credit shall be reimbursed for the amount
28 of the carryover credit from a separate carryover homestead
29 credit fund. Payments made pursuant to this subsection shall
30 be made one-half on November 15, 2003, and one-half on March
31 15, 2004.

32 4. There is appropriated from the general fund of the
33 state to the department of revenue and finance for deposit
34 into the separate carryover homestead credit fund for the
35 fiscal year beginning July 1, 2002, and ending June 30, 2003,

1 an amount sufficient to reimburse counties as provided in
2 subsection 3. Notwithstanding section 8.33, any funds
3 remaining from the appropriation made in this subsection shall
4 not revert but shall be available for use as provided in this
5 section for the succeeding fiscal year.

6 Sec. 2. AGRICULTURAL LAND TAX CREDIT.

7 1. 2002 Iowa Acts, chapter 1171, section 175, subsection
8 11, as amended by 2002 Iowa Acts, Second Extraordinary
9 Session, chapter 1003, section 181, is amended by striking the
10 subsection.

11 2. Additional funds available from the appropriation in
12 section 426.1, as a result of subsection 1 of this section of
13 this Act, shall be used to reimburse counties for granting an
14 additional agricultural land tax credit as follows:

15 a. The director of revenue and finance shall compute a pro
16 rata percentage in the manner provided in section 426.7 based
17 upon the additional funds available and notify each county
18 auditor of this pro rata percentage.

19 b. Upon receipt of this pro rata percentage, the auditor
20 shall determine the amount to be credited to each tract of
21 agricultural land in the manner provided in section 426.8.
22 However, the credit shall be applied against taxes due and
23 payable in the fiscal year beginning July 1, 2003. This
24 credit is in addition to any other agricultural land tax
25 credit granted under chapter 426.

26 c. Payments made pursuant to this subsection shall be made
27 on July 15, 2003.

28 3. Additional funds available as a result of subsection 1
29 shall be deposited into a separate account in the agricultural
30 land credit fund and shall only be used as provided in
31 subsection 2. Notwithstanding sections 8.33 and 426.1, moneys
32 remaining in the agricultural land credit fund on June 30,
33 2003, shall not revert to the general fund of the state but
34 shall be used as provided in subsection 2 in the following
35 fiscal year.

1 Sec. 3. MILITARY SERVICE TAX CREDIT.

2 1. 2002 Iowa Acts, chapter 1171, section 175, subsection
3 12, is amended by striking the subsection.

4 2. The additional funds from the appropriation in section
5 426A.1A, as a result of subsection 1 of this section of this
6 Act, shall be used to reimburse those counties that granted
7 the maximum military service tax exemption authorized pursuant
8 to section 426A.11. The total amount each county shall
9 receive shall equal the maximum credit authorized in section
10 426A.2, less any amounts previously reimbursed. Payments made
11 pursuant to this section shall not be made sooner than March
12 15, 2003.

13 3. Each county that did not grant the maximum military
14 service tax exemption authorized pursuant to section 426A.11
15 shall grant an additional exemption to each designated
16 property equal to the difference between the maximum allowable
17 exemption and the actual exemption granted. This exemption
18 shall apply for taxes due and payable in the fiscal year
19 beginning July 1, 2003, and is in addition to any other
20 military service tax exemption granted. The county auditor
21 shall compute and submit the amount of military service tax
22 credits to the department of revenue and finance for the
23 exemptions granted under this subsection pursuant to section
24 426A.3. Payments made pursuant to this subsection shall be
25 made by October 1, 2003.

26 4. There is appropriated from the general fund of the
27 state to the department of revenue and finance for the fiscal
28 year beginning July 1, 2002, and ending June 30, 2003, an
29 amount sufficient to reimburse each county as provided in
30 subsection 3. Notwithstanding section 8.33, any funds
31 remaining from the appropriation made in this subsection shall
32 not revert but shall be available for use for the same purpose
33 for the succeeding fiscal year.

34 Sec. 4. ELDERLY AND DISABLED TAX CREDIT.

35 1. 2002 Iowa Acts, chapter 1171, section 176, as amended

1 by 2002 Iowa Acts, Second Extraordinary Session, chapter 1003,
2 section 182, is repealed.

3 2. Additional funds available from the appropriation in
4 section 425.39, as a result of subsection 1 of this section of
5 this Act, shall be used to reimburse counties, to the extent
6 not previously reimbursed, that granted to each taxpayer the
7 maximum elderly and disabled tax credit allowed that taxpayer
8 pursuant to section 425.23. Payments made pursuant to this
9 subsection shall not be made sooner than March 15, 2003.

10 3. Each county that did not grant the maximum elderly and
11 disabled tax credit allowed pursuant to section 425.23 to each
12 taxpayer shall grant a carryover elderly and disabled tax
13 credit. The carryover elderly and disabled tax credit shall
14 apply against taxes due and payable in the fiscal year
15 beginning July 1, 2003, to each property that was granted the
16 elderly and disabled tax credit for taxes due and payable in
17 the fiscal year beginning July 1, 2002. The carryover credit
18 shall be granted whether the property or taxpayer continues to
19 qualify for the elderly and disabled tax credit for taxes due
20 and payable in the fiscal year beginning July 1, 2003. The
21 amount of the carryover credit equals the difference between
22 the maximum allowable credit due the taxpayer minus the actual
23 amount of the credit granted the taxpayer for taxes due and
24 payable in the fiscal year beginning July 1, 2002. A county
25 granting the carryover tax credit shall be reimbursed for the
26 amount of the credit from a separate carryover elderly and
27 disabled tax credit fund. Payments made pursuant to this
28 subsection shall be made one-half on November 15, 2003, and
29 one-half on March 15, 2004.

30 4. There is appropriated from the general fund of the
31 state to the department of revenue and finance for deposit
32 into the separate carryover elderly and disabled tax credit
33 fund for the fiscal year beginning July 1, 2002, and ending
34 June 30, 2003, an amount sufficient to reimburse counties as
35 provided in subsection 3. Notwithstanding section 8.33, any

1 funds remaining from the appropriation made in this subsection
2 shall not revert but shall be available for use as provided in
3 this section for the succeeding fiscal year.

4 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
5 immediate importance, takes effect upon enactment.

6 EXPLANATION

7 As a result of the 2002 regular and special sessions, the
8 homestead, agricultural land, military service, and elderly
9 and disabled tax credits were not funded at the level required
10 by Code. One of two options were taken by the counties. The
11 first was to grant the taxpayer the maximum credit allowed and
12 be reimbursed by the state for an amount less than the
13 reduction in taxes. This bill provides for an increase in
14 appropriations so that these counties will receive the amount
15 of reimbursement otherwise specified in the Code for fiscal
16 year 2002-2003. The second option was for counties to reduce
17 the credit granted so that the amount reimbursed would be
18 equal to the reduction in taxes. The bill requires these
19 counties to grant a carryover tax credit to be applied to
20 taxes due and payable in fiscal year 2003-2004 for the amount
21 of the reduction in the credit. The bill makes an
22 appropriation to reimburse counties under this second option
23 for the carryover credit.

24 The bill takes effect upon enactment.

25
26
27
28
29
30
31
32
33
34
35