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SENATE FILE

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Passed Senate, Date \_\_\_\_\_ Passed House, 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:

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APPROPRIATIONS

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.

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