

House File 506 - Introduced

HOUSE FILE 506
BY COMMITTEE ON VETERANS
AFFAIRS

(SUCCESSOR TO HSB 98)

A BILL FOR

1 An Act relating to property taxes of veterans and members of
2 the armed forces by modifying the military service property
3 tax exemption and credit, providing an additional homestead
4 credit for certain disabled veterans, making penalties
5 applicable, and including applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 425.15, Code 2013, is amended to read as
2 follows:

3 **425.15 Disabled veteran tax credit.**

4 If the owner of a homestead allowed a credit under this
5 chapter is a veteran of any of the military forces of the
6 United States, who acquired the homestead under 38 U.S.C.
7 § 21.801, 21.802, prior to August 6, 1991, or 38 U.S.C.
8 § 2101, through 2102, who is a veteran as defined in section
9 35.1 with a permanent and total service-connected disability
10 as certified by the United States department of veterans
11 affairs, or who is a former member of the national guard
12 of any state who meets the service requirements of section
13 35.1, subsection 2, paragraph "b", subparagraph (2) or (7),
14 with a permanent and total service-connected disability as
15 certified by the United States department of veterans affairs,
16 the credit allowed on the homestead from the homestead credit
17 fund shall be the entire amount of the tax levied on the
18 homestead. The credit allowed shall be continued to the
19 estate of a veteran who is deceased or the surviving spouse
20 and any child, as defined in section 234.1, who are the
21 beneficiaries of a deceased veteran, so long as the surviving
22 spouse remains unmarried. ~~This section is not applicable to~~
23 ~~the holder of title to any homestead whose annual income,~~
24 ~~together with that of the titleholder's spouse, if any, for~~
25 ~~the last preceding twelve-month income tax accounting period~~
26 ~~exceeds thirty-five thousand dollars. For the purpose of~~
27 ~~this section "income" means taxable income for federal income~~
28 ~~tax purposes plus income from securities of state and other~~
29 ~~political subdivisions exempt from federal income tax. A~~
30 veteran or a beneficiary of a veteran who elects to secure the
31 credit provided in this section is not eligible for any other
32 real property tax exemption provided by law for veterans of
33 military service. If a veteran acquires a different homestead,
34 the credit allowed under this section may be claimed on the
35 new homestead unless the veteran fails to meet the other

1 requirements of this section.

2 Sec. 2. NEW SECTION. **425.15A Disabled veteran tax**
3 **limitation.**

4 1. For purposes of this section, unless the context
5 otherwise requires:

6 *a.* "*Base year*" means the fiscal year immediately preceding
7 the first fiscal year in which the additional homestead
8 credit under this section is allowed on the disabled veteran's
9 homestead.

10 *b.* "*Disabled veteran*" means a veteran, as defined in section
11 35.1, who has a service-connected disability rating of at least
12 fifty percent as certified by the United States department of
13 veterans affairs. "*Disabled veteran*" also means a former member
14 of the national guard of any state who otherwise meets the
15 service requirements of section 35.1, subsection 2, paragraph
16 "*b*", subparagraph (2) or (7), who has a service-connected
17 disability rating of at least fifty percent as certified by the
18 United States department of veterans affairs.

19 2. A disabled veteran who is eligible for the credit allowed
20 under section 425.1 may claim an additional homestead credit
21 pursuant to this section. To claim the credit under this
22 section, the disabled veteran shall file on or before June 30
23 of the base year for which the veteran is first claiming the
24 credit. The amount of the credit equals the amount of property
25 taxes, less the regular homestead credit allowed under section
26 425.1, due and payable in the coming fiscal year that exceeds
27 the amount of property taxes, less the regular homestead credit
28 allowed under section 425.1, that were due and payable in the
29 base year. The credit under this section is payable from the
30 homestead credit fund created in section 425.1.

31 3. Upon the filing and allowance of the claim, the claim
32 shall be allowed on the disabled veteran's homestead for
33 successive years without further filing as long as the property
34 is legally and equitably owned and used as a homestead by
35 the disabled veteran on July 1 of each of those successive

1 years. The credit allowed shall be continued to the estate
2 of a veteran who is deceased or the surviving spouse and any
3 child, as defined in section 234.1, who are the beneficiaries
4 of a deceased veteran, so long as the surviving spouse remains
5 unmarried.

6 Sec. 3. Section 426A.11, subsection 1, Code 2013, is amended
7 by striking the subsection.

8 Sec. 4. Section 426A.11, subsections 2 and 4, Code 2013, are
9 amended to read as follows:

10 2. The property, not to exceed ~~one thousand eight hundred~~
11 ~~fifty-two~~ three thousand seven hundred five dollars in taxable
12 value of an honorably separated, retired, furloughed to a
13 reserve, placed on inactive status, or discharged veteran, as
14 defined in section 35.1, subsection 2, ~~paragraph "a" or "b" or~~
15 subsections 3 and 4 of this section.

16 4. For purposes of this chapter, unless the context
17 otherwise requires, "veteran" also means a any of the following:

18 a. A resident of this state who is a former member of the
19 armed forces of the United States and who served for a minimum
20 aggregate of eighteen months and who was discharged under
21 honorable conditions. ~~However, "veteran" also means a~~

22 b. A resident of this state who is a former member of the
23 armed forces of the United States and who, after serving fewer
24 than eighteen months, was honorably discharged because of a
25 service-related injury sustained by the veteran.

26 c. A resident of this state who is a current member of the
27 national guard, organized reserves, or regular component of the
28 armed forces of the United States.

29 d. A resident of this state who is a former member of the
30 national guard of any state who otherwise meets the service
31 requirements of section 35.1, subsection 2, paragraph "b",
32 subparagraph (2) or (7).

33 Sec. 5. Section 426A.12, Code 2013, is amended to read as
34 follows:

35 **426A.12 Exemptions to relatives.**

1 1. In case any person in the foregoing classifications does
2 not claim the exemption from taxation or for any member of the
3 national guard, organized reserves, or a regular component of
4 the armed forces of the United States whose death occurred in
5 the line of duty, it shall be allowed in the name of the person
6 to the same extent on the property of any one of the following
7 persons in the order named:

8 a. The spouse, or surviving spouse remaining unmarried,
9 of a veteran, as defined in this chapter or in section 35.1,
10 subsection 2, ~~paragraph "a" or "b"~~, or of a person whose death
11 occurred in the line of duty where they are living together or
12 were living together at the time of the death of the veteran or
13 person.

14 b. The parent whose spouse is deceased and who remains
15 unmarried, of a veteran, as defined in this chapter or in
16 section 35.1, subsection 2, ~~paragraph "a" or "b"~~, or of a person
17 whose death occurred in the line of duty whether living or
18 deceased, where the parent is, or was at the time of death of
19 the veteran or person, dependent on the veteran or person for
20 support.

21 c. The minor child, or children owning property as tenants
22 in common, of a deceased veteran, as defined in this chapter
23 or in section 35.1, subsection 2, ~~paragraph "a" or "b"~~ or of a
24 person whose death occurred in the line of duty.

25 2. No more than one tax exemption shall be allowed under
26 this section or section 426A.11 in the name of a veteran,
27 as defined in this chapter or in section 35.1, subsection 2,
28 ~~paragraph "a" or "b"~~ or of a person whose death occurred in the
29 line of duty.

30 Sec. 6. Section 426A.13, unnumbered paragraphs 1 and 2, Code
31 2013, are amended to read as follows:

32 A person named in section 426A.11, who is a resident of
33 and domiciled in the state of Iowa, shall receive a reduction
34 equal to the exemption, to be made from any property owned
35 by the person or owned by a family farm corporation of which

1 the person is a shareholder and occupant of the property and
2 so designated by proceeding as provided in the section. To
3 be eligible to receive the exemption, the person claiming it
4 shall have recorded in the office of the county recorder of
5 the county in which is located the property designated for the
6 exemption, evidence of property ownership by that person or the
7 family farm corporation of which the person is a shareholder
8 and the military certificate of satisfactory service, order
9 transferring to inactive status, reserve, retirement, order of
10 separation from service, honorable discharge or a copy of any
11 of these documents of the person claiming or through whom is
12 claimed the exemption. In the case of a person claiming the
13 exemption as a veteran described in section 35.1, subsection
14 2, paragraph "b", subparagraph (6) or (7), or under section
15 426A.11, subsection 4, paragraph "d", the person shall file the
16 statement required by section 35.2.

17 The person shall file with the appropriate assessor on forms
18 obtained from the assessor the claim for exemption for the year
19 for which the person is first claiming the exemption. The
20 claim shall be filed not later than July 1 of the year for which
21 the person is claiming the exemption. The claim shall set out
22 the fact that the person is a resident of and domiciled in the
23 state of Iowa, and a person within the terms of section 426A.11
24 or section 426A.12, and shall give the volume and page on which
25 the certificate of satisfactory service, order of separation,
26 retirement, furlough to reserve, inactive status, or honorable
27 discharge or certified copy thereof is recorded in the office
28 of the county recorder, and may include the designation of the
29 property from which the exemption is to be made, and shall
30 further state that the claimant is the equitable or legal owner
31 of the property designated or if the property is owned by a
32 family farm corporation, that the person is a shareholder of
33 that corporation and that the person occupies the property.
34 In the case of a person claiming the exemption as a veteran
35 described in section 35.1, subsection 2, paragraph "b",

1 subparagraph (6) or (7), or under section 426A.11, subsection
2 4, paragraph "d", the person shall file the statement required
3 by section 35.2.

4 Sec. 7. APPLICABILITY. This Act applies to property taxes
5 due and payable in fiscal years beginning on or after July 1,
6 2014.

7 EXPLANATION

8 This bill relates to property taxes of veterans and members
9 of the armed forces.

10 The disabled veterans tax credit under Code section 425.15
11 provides a credit on the homestead of an eligible veteran
12 who acquired the homestead under specified federal programs
13 in an amount equal to the entire amount of the tax levied on
14 the homestead. This bill modifies the qualifications for the
15 disabled veterans tax credit by adding to the list of veterans
16 who are eligible for the credit, the following: (1) a veteran
17 as defined in Code section 35.1 with a permanent and total
18 service-connected disability as certified by the United States
19 department of veterans affairs; and (2) a former member of the
20 national guard of any state who otherwise meets the service
21 requirements for Iowa national guard members under Code section
22 35.1(2)(b), subparagraph (2) or (7), with a permanent and total
23 service-connected disability as certified by the United States
24 department of veterans affairs. The bill also strikes the
25 income limitation qualifications for the disabled veteran tax
26 credit.

27 The bill enacts new Code section 425.15A, which provides
28 that the property tax on a disabled veteran's homestead shall
29 not increase from year to year. To receive this credit, the
30 veteran must file on or before June 30 in a manner similar
31 to filing for the regular homestead credit. Once the claim
32 is filed and allowed, the veteran does not have to file for
33 successive years so long as the property is still owned and
34 used by the veteran as a homestead.

35 The bill defines "disabled veteran" for the purposes of new

1 Code section 425.15A to be a veteran as defined in Code section
2 35.1, and specified former members of the national guard of
3 any state who have a service-connected disability rating of at
4 least 50 percent as certified by the United States department
5 of veterans affairs.

6 Under current law, veterans of the First World War are
7 entitled to a property tax exemption of \$2,778 in taxable value
8 and honorably discharged veterans who served during other
9 specific time periods are entitled to a property tax exemption
10 of \$1,852 in taxable value. The bill removes the provision
11 relating to veterans of the first World War and increases the
12 exemption amount for all eligible veterans to \$3,705.

13 The bill also modifies the qualifications for the military
14 service property tax exemption and credit by adding to the list
15 of veterans who are eligible for the credit, the following:
16 (1) a resident of this state who is a current member of the
17 national guard, organized reserves, or regular component of the
18 armed forces of the United States; (2) a resident of this state
19 who is a former member of the national guard of any state who
20 otherwise meets the service requirements for members of the
21 Iowa national guard under Code section 35.1(2)(b), subparagraph
22 (2) or (7); and (3) a resident of this state who served on
23 federal active duty, other than training, in the armed forces
24 of the United States and who was discharged under honorable
25 conditions.

26 The bill also amends Code section 426A.12 relating to the
27 ability of relatives to claim the exemption and credit of a
28 veteran to add relatives of a member of the national guard,
29 organized reserves, or a regular component of the armed forces
30 of the United States whose death occurred in the line of duty.

31 Under current law, the state provides funding to local
32 governments for the military service property tax exemption and
33 credit up to \$6.92 per \$1,000 of assessed value of the exempt
34 property. Code section 25B.7 provides that for a property tax
35 credit or exemption enacted on or after January 1, 1997, if a

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1 state appropriation made to fund the credit or exemption is not
2 sufficient to fully fund the credit or exemption, the political
3 subdivision shall be required to extend to the taxpayer only
4 that portion of the credit or exemption estimated by the
5 department of revenue to be funded by the state appropriation.
6 The provisions of Code section 25B.7 apply to the military
7 service property tax credit and exemption to the extent of
8 \$6.92 per \$1,000 of assessed value of the exempt property.
9 The bill applies to property taxes due and payable in fiscal
10 years beginning on or after July 1, 2014.