

Senate File 2227 - Introduced

SENATE FILE 2227

BY CARLIN

A BILL FOR

1 An Act establishing a homestead adjustment property tax credit
2 for certain property of persons who have attained the age
3 of sixty-five or who are totally disabled, applying income
4 limitations, providing a penalty, making appropriations, and
5 including retroactive and other applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 425B.1 Homestead adjustment credit
2 — purpose.

3 Persons who own their homesteads and who meet the
4 qualifications provided in this chapter are eligible for a
5 homestead adjustment credit, as provided in this chapter, to
6 prevent an increase in the amount of property taxes owed.

7 Sec. 2. NEW SECTION. 425B.2 Definitions.

8 As used in this chapter, unless the context otherwise
9 requires:

10 1. "*Base assessment year*" means the assessment year
11 beginning in the base year.

12 2. "*Base year*" means the calendar year last ending before
13 the claim is filed.

14 3. "*Claimant*" means a person filing a claim for a credit
15 under this chapter who has either attained the age of
16 sixty-five years on or before December 31 of the base year or
17 is totally disabled as defined in section 425.17, and who is
18 domiciled in this state at the time the claim is filed or at the
19 time of the person's death in the case of a claim filed by the
20 executor or administrator of the claimant's estate.

21 4. "*Homestead*" means the same as defined in section 425.11.

22 5. "*Household*", "*household income*", and "*income*" mean the
23 same as defined in section 425.17.

24 6. "*Owned*" means owned by an owner as defined in section
25 425.11.

26 Sec. 3. NEW SECTION. 425B.3 Right to file a claim.

27 The right to file a claim for a homestead adjustment
28 credit under this chapter may be exercised by the claimant
29 or on behalf of a claimant by the claimant's legal guardian,
30 spouse, or attorney, or by the executor or administrator of the
31 claimant's estate. If a claimant dies after having filed a
32 claim for a credit, the amount of the credit shall be made as if
33 the claimant had not died. Only one claimant per household per
34 fiscal year shall be entitled to a credit under this chapter.

35 Sec. 4. NEW SECTION. 425B.4 Claim for credit.

1 1. Subject to the limitations provided in this chapter, a
2 claimant may annually claim a homestead adjustment credit for
3 the claimant's homestead for the base assessment year. The
4 claim shall be filed with the county assessor for approval
5 between January 1 and February 15 immediately following
6 the close of the base assessment year. However, in case of
7 sickness, absence, or other disability of the claimant, or if
8 in the judgment of the county assessor good cause exists, the
9 county assessor may extend the time for filing a claim through
10 June 30 of the same calendar year.

11 2. The assessor shall remit the list of approved eligible
12 claims to the county auditor by July 6 of each year. All
13 eligible claims for credit shall be certified on or before
14 August 1, in each year, by the county auditor to the county
15 treasurer, which certificates shall list the total number of
16 homestead adjustment credits in the county and the total amount
17 of all such credits, listed by taxing district in the county.
18 The county treasurer shall certify to the department of revenue
19 the total amount of dollars, listed by taxing district in the
20 county, due for homestead adjustment credits claimed.

21 **Sec. 5. NEW SECTION. 425B.5 Credit amount — income**
22 **limitations.**

23 1. If the income qualification specified in subsection
24 2 is met and the homestead's actual value for the assessment
25 year for which the credit is claimed is less than two hundred
26 fifty thousand dollars, the amount of the claimant's homestead
27 adjustment credit shall be an amount equal to the amount of
28 property taxes levied against the homestead for the base
29 assessment year following application of all applicable
30 property tax credits other than the homestead adjustment credit
31 minus the amount of property taxes levied against the homestead
32 for the assessment year preceding the base assessment year
33 following application of all property tax credits.

34 2. A claimant is eligible for a homestead adjustment
35 credit against taxes levied on the claimant's homestead if

1 the claimant's household income is less than thirty thousand
2 dollars in the base year.

3 Sec. 6. NEW SECTION. **425B.6 Administration.**

4 1. The director of revenue shall make available suitable
5 forms for claiming a homestead adjustment credit with
6 instructions for claimants. Each assessor and county treasurer
7 shall make available the forms and instructions. The claim
8 shall be in a form as the director may prescribe.

9 2. The homestead adjustment credit fund is created within
10 the state treasury under the control of the department of
11 revenue. There is appropriated annually from the general
12 fund of the state to the department of revenue for deposit
13 in the homestead adjustment credit fund an amount sufficient
14 to provide all credits authorized under this chapter. The
15 director of the department of administrative services shall
16 issue warrants on the homestead adjustment credit fund payable
17 to the county treasurers of the several counties of the state
18 under this chapter. The amount due each county shall be paid
19 in two payments on November 15 and March 15 of each fiscal
20 year, drawn upon warrants payable to the respective county
21 treasurers. The two payments shall be as nearly equal as
22 possible.

23 3. Annually, the department of revenue shall certify to
24 the county auditor of each county the credit and its amount
25 in dollars. Each county auditor shall then enter the credit
26 against the tax levied on each eligible homestead in each
27 county payable during the ensuing year, designating on the
28 tax lists the credit as being from the homestead adjustment
29 credit fund, and credit shall then be given to the several
30 taxing districts in which eligible homesteads are located in
31 an amount equal to the credits allowed on the taxes of the
32 homesteads. The amount of credits shall be apportioned by each
33 county treasurer to the several taxing districts as provided
34 by law, in the same manner as though the amount of the credit
35 had been paid by the owners of the homesteads. However, the

1 several taxing districts shall not draw the funds so credited
2 until after the semiannual allocations have been received by
3 the county treasurer, as provided in this chapter. Each county
4 treasurer shall show on each tax receipt the amount of credit
5 received from the homestead adjustment credit fund.

6 Sec. 7. NEW SECTION. 425B.7 Proof of claim.

7 1. Every claimant shall give the department of revenue, in
8 support of the claim, reasonable proof of:

- 9 a. Age and total disability, if any.
10 b. Changes of homestead.
11 c. Size and nature of the property claimed as the homestead.
12 d. Household income.

13 2. The director of revenue may require any additional proof
14 necessary to support a claim.

15 Sec. 8. NEW SECTION. 425B.8 Audit — denial.

16 If on the audit of a claim for a homestead adjustment credit
17 under this chapter, the director of revenue determines the
18 claim is not allowable, the director shall notify the claimant
19 of the denial and the reasons for it. The director shall
20 not deny a claim after three years from October 31 of the
21 year in which the claim was filed. The director shall give
22 notification to the county assessor of the denial of the claim
23 and the county assessor shall instruct the county treasurer to
24 proceed to collect the tax that would have been levied on the
25 applicable adjusted assessed value in the same manner as other
26 property taxes due and payable are collected, if the property
27 on which the credit was granted is still owned by the claimant.
28 However, if the claim was incorrectly allowed due to a clerical
29 error, error by a person other than the claimant, or an
30 innocent misrepresentation by or on behalf of the claimant, the
31 proceedings to collect the tax shall be limited to the taxes
32 due and payable in the twelve months immediately preceding the
33 disallowance.

34 Sec. 9. NEW SECTION. 425B.9 Waiver of confidentiality.

35 1. A claimant shall expressly waive any right to

1 confidentiality relating to all income tax information
2 obtainable through the department of revenue including all
3 information covered by sections 422.20 and 422.72. This waiver
4 shall apply to information available to the county assessor who
5 shall hold the information confidential except that it may be
6 used as evidence to disallow the homestead adjustment credit.

7 2. The department of revenue may release information
8 pertaining to a person's eligibility or claim for or receipt
9 of the credit to an employee of the department of inspections
10 and appeals in the employee's official conduct of an audit or
11 investigation.

12 Sec. 10. NEW SECTION. **425B.10 False claim — penalty.**

13 A person who makes a false affidavit for the purpose of
14 obtaining a homestead adjustment credit provided for in this
15 chapter or who knowingly receives the credit without being
16 legally entitled to it or makes claim for the credit in more
17 than one county in the state without being legally entitled
18 to it is guilty of a fraudulent practice. The claim for
19 credit shall be disallowed in full and if the claim has been
20 paid, the amount shall be recovered in the manner provided in
21 section 425B.8. The director of revenue shall send a notice
22 of disallowance of the claim.

23 Sec. 11. NEW SECTION. **425B.11 Notices, appeals, and**
24 **rules.**

25 To the extent not otherwise contrary to the provisions of
26 this chapter:

27 1. Section 423.39, subsection 1, shall apply to all notices
28 under this chapter.

29 2. Any person aggrieved by an act or decision of the
30 director of revenue or the department of revenue under this
31 chapter shall have the same rights of appeal and review as
32 provided in section 423.38 and the rules of the department of
33 revenue.

34 3. A claim for credit shall be disallowed if the department
35 finds that the claimant or a person of the claimant's household

1 received title to the homestead primarily for the purpose of
2 receiving benefits under this chapter.

3 4. The department of revenue shall adopt rules pursuant to
4 chapter 17A to administer and interpret this chapter, including
5 rules to prevent and disallow duplication of benefits and to
6 prevent any unreasonable hardship or advantage to any person.

7 Sec. 12. IMPLEMENTATION. Section 25B.7 shall not apply to
8 this Act.

9 Sec. 13. APPLICABILITY. This Act applies retroactively to
10 January 1, 2020, for assessment years beginning on or after
11 that date and to the filing of claims for homestead adjustment
12 credits on or after January 1, 2021.

13 EXPLANATION

14 The inclusion of this explanation does not constitute agreement with
15 the explanation's substance by the members of the general assembly.

16 This bill establishes a homestead adjustment credit for an
17 owner of a homestead with an actual value of less than \$250,000
18 if the owner is a person who is either 65 or older or totally
19 disabled, and who has household income of less than \$30,000
20 per year. If the qualifications established in the bill are
21 met, the amount of the homestead adjustment credit shall be an
22 amount equal to the amount of property taxes levied against the
23 homestead for the base assessment year, as defined in the bill,
24 following application of all applicable property tax credits
25 other than the homestead adjustment credit minus the amount of
26 property taxes levied against the homestead for the assessment
27 year preceding the base assessment year following application
28 of all property tax credits. Only one claimant per household
29 per fiscal year may receive the credit under the bill.

30 The bill annually appropriates from the general fund of the
31 state to the department of revenue for deposit in the homestead
32 adjustment credit fund, created in the bill, an amount
33 sufficient to fund all of the homestead adjustment credits for
34 the fiscal year.

35 The bill provides that a person who makes a false affidavit

1 for the purpose of obtaining a credit, knowingly receives a
2 credit without being legally entitled to it, or makes claim for
3 a credit in more than one county without being legally entitled
4 to it is guilty of a fraudulent practice and is subject to a
5 criminal penalty.

6 The bill provides that the provisions in Code section
7 25B.7, relating to the obligation of the state to reimburse
8 local jurisdictions for newly enacted property tax credits and
9 exemptions, do not apply to the bill.

10 The bill applies retroactively to January 1, 2020, for
11 assessment years beginning on or after that date and applies to
12 claims filed on or after January 1, 2021, for the credit.