

House File 2107 - Introduced

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BY STONE

A BILL FOR

1 An Act relating to the disabled veteran homestead tax credit
2 and including effective date and retroactive applicability
3 provisions.

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

1 Section 1. Section 425.15, Code 2022, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 1A. a. For homestead credits allowed
4 against property taxes due and payable in the fiscal year
5 beginning July 1, 2023, if the owner of a homestead allowed
6 a credit under this subchapter does not meet the criteria
7 of subsection 1 and is any of the following, the amount
8 of the credit allowed on the homestead from the homestead
9 credit fund shall be the greater of the amount of the credit
10 authorized under section 425.1, subsection 2, or a percentage
11 of the entire amount of the tax levied on the homestead that
12 is equivalent to the owner's permanent service-connected
13 disability rating percentage:

14 (1) A veteran as defined in section 35.1 with a permanent
15 service-connected disability rating that is less than one
16 hundred percent but equal to or greater than seventy percent,
17 as certified by the United States department of veterans
18 affairs.

19 (2) A former member of the national guard of any state
20 who otherwise meets the service requirements of section 35.1,
21 subsection 2, paragraph "b", subparagraph (2) or (7), with a
22 permanent service-connected disability rating of less than one
23 hundred percent but equal to or greater than seventy percent,
24 as certified by the United States department of veterans
25 affairs.

26 b. For homestead credits allowed against property taxes due
27 and payable in the fiscal year beginning July 1, 2024, if the
28 owner of a homestead allowed a credit under this subchapter
29 does not meet the criteria of subsection 1 and is any of the
30 following, the amount of the credit allowed on the homestead
31 from the homestead credit fund shall be the greater of the
32 amount of the credit authorized under section 425.1, subsection
33 2, or a percentage of the entire amount of the tax levied
34 on the homestead that is equivalent to the owner's permanent
35 service-connected disability rating percentage:

1 (1) A veteran as defined in section 35.1 with a permanent
2 service-connected disability rating that is less than one
3 hundred percent but equal to or greater than forty percent, as
4 certified by the United States department of veterans affairs.

5 (2) A former member of the national guard of any state
6 who otherwise meets the service requirements of section 35.1,
7 subsection 2, paragraph "b", subparagraph (2) or (7), with a
8 permanent service-connected disability rating of less than one
9 hundred percent but equal to or greater than forty percent, as
10 certified by the United States department of veterans affairs.

11 c. For homestead credits allowed against property taxes due
12 and payable in the fiscal years beginning on or after July 1,
13 2025, if the owner of a homestead allowed a credit under this
14 subchapter does not meet the criteria of subsection 1 and is
15 any of the following, the amount of the credit allowed on the
16 homestead from the homestead credit fund shall be the greater
17 of the amount of the credit authorized under section 425.1,
18 subsection 2, or a percentage of the entire amount of the tax
19 levied on the homestead that is equivalent to the owner's
20 permanent service-connected disability rating percentage:

21 (1) A veteran as defined in section 35.1 with a permanent
22 service-connected disability rating that is less than one
23 hundred percent but equal to or greater than ten percent, as
24 certified by the United States department of veterans affairs.

25 (2) A former member of the national guard of any state
26 who otherwise meets the service requirements of section 35.1,
27 subsection 2, paragraph "b", subparagraph (2) or (7), with a
28 permanent service-connected disability rating of less than one
29 hundred percent but equal to or greater than ten percent, as
30 certified by the United States department of veterans affairs.

31 Sec. 2. Section 425.15, subsection 2, paragraph a, Code
32 2022, is amended to read as follows:

33 a. For an owner described in [subsection 1](#), paragraph "a",
34 "b", or "c", or subsection 1A, the credit allowed shall be
35 continued to the estate of an owner who is deceased or the

1 surviving spouse and any child, as defined in [section 234.1](#),
2 who are the beneficiaries of a deceased owner, so long as the
3 surviving spouse remains unmarried.

4 Sec. 3. Section 425.15, subsection 3, Code 2022, is amended
5 to read as follows:

6 3. An owner or a beneficiary of an owner who elects to
7 secure the credit provided in ~~this section~~ under the conditions
8 described in subsection 1 is not eligible for any other real
9 property tax exemption provided by law for veterans of military
10 service.

11 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
12 immediate importance, takes effect upon enactment.

13 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies
14 retroactively to homestead credit claims filed on or after
15 January 1, 2022, for credits allowed against property taxes due
16 and payable in fiscal years beginning on or after July 1, 2023.

17 EXPLANATION

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

20 Current Code section 425.15 provides a homestead credit
21 to the owner of a homestead for the full amount of property
22 tax levied if the owner is any of the following: (1) a
23 veteran of any of the military forces of the United States
24 who acquired the homestead under specified federal programs;
25 (2) a veteran with a permanent service-connected disability
26 rating of 100 percent or a permanent and total disability
27 rating based on individual unemployability that is compensated
28 at the 100 percent disability rate; (3) a former member of
29 the national guard of any state who meets specified service
30 requirements with a permanent service-connected disability
31 rating of 100 percent or a permanent and total disability
32 rating based on individual unemployability that is compensated
33 at the 100 percent disability rate; or (4) an individual who
34 is a surviving spouse or a child and who is receiving federal
35 dependency and indemnity compensation.

1 This bill creates two additional categories of disabled
2 veterans who qualify for a homestead credit under Code section
3 425.15 that are phased in over a period of years based on the
4 individual's permanent service-connected disability rating.
5 Under the bill, if the owner of a homestead does not meet the
6 criteria under current law for a disabled veteran homestead
7 tax credit, the amount of the credit allowed on the homestead
8 is the greater of the amount of the regular homestead credit
9 (an amount equal to the actual levy on the first \$4,850 of
10 actual value) or a percentage of the entire amount of the tax
11 levied on the homestead that is equivalent to the owner's
12 service-connected disability rating percentage if the owner
13 is either of the following: (1) a veteran with a permanent
14 service-connected disability rating that is less than 100
15 percent but equal to or greater than the percentage applicable
16 to the specific year of the phase in; or (2) a former member
17 of the national guard of any state who meets specified service
18 requirements with a permanent service-connected disability
19 rating of less than 100 percent but equal to or greater than
20 the percentage applicable to the specific year of the phase in.
21 The bill takes effect upon enactment and applies
22 retroactively to homestead credit claims filed on or after
23 January 1, 2022, for credits allowed against property taxes due
24 and payable in fiscal years beginning on or after July 1, 2023.