

**House File 2107 - Introduced**

HOUSE FILE 2107  
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.