

**Senate File 2058 - Introduced**

SENATE FILE 2058

BY CARLIN

**A BILL FOR**

1 An Act establishing a surviving spouse property tax deferral  
2 program for certain persons who have attained the age  
3 of sixty-five, applying income limitations, providing a  
4 penalty, making appropriations, and including applicability  
5 provisions.

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

1 Section 1. NEW SECTION. 430.1 Intent — short title —  
2 definitions.

3 1. Due to the financial circumstances of elderly,  
4 low-income, surviving spouses, it is the intent of the general  
5 assembly to stabilize tax burdens on homestead property owned  
6 by a qualifying surviving spouse who has reached the age of  
7 sixty-five through a deferral of certain property taxes.

8 2. This chapter may be cited as the "*Surviving Spouse*  
9 *Property Tax Deferral Program*".

10 3. As used in this chapter, unless the context otherwise  
11 requires:

12 a. "*Claimant*" means a surviving spouse who files a claim for  
13 a property tax deferral under this chapter who has attained the  
14 age of sixty-five years on or before December 31 of the base  
15 year, and who is domiciled in this state at the time the claim  
16 is filed.

17 b. "*Department*" means the department of revenue.

18 c. "*Homestead*" means the same as defined in section 425.11.

19 d. "*Household*", "*household income*", and "*income*" mean the  
20 same as defined in section 425.17.

21 e. "*Own*" or "*owned*" means owned by an owner as defined in  
22 section 425.11.

23 f. "*Surviving spouse*" means the legally recognized surviving  
24 wife or husband of the decedent.

25 Sec. 2. NEW SECTION. 430.2 Claimant and filing  
26 requirements.

27 1. Claimants who own their homestead and who meet all of  
28 the following criteria are eligible to receive a deferral of  
29 property taxes levied against the homestead:

30 a. The property must be owned and occupied as a homestead by  
31 the claimant who is a surviving spouse who has not remarried.

32 b. The total household income of the claimant for the year  
33 preceding the year of the initial application does not exceed  
34 sixty thousand dollars.

35 c. The homestead must have been owned and occupied as the

1 homestead of the claimant or the claimant's deceased spouse  
2 for at least fifteen years prior to the year the initial  
3 application is filed.

4 *d.* There are no state or federal tax liens or judgment liens  
5 on the homestead.

6 *e.* The total unpaid balances of debts secured by mortgages  
7 and other liens on the property, including unpaid and  
8 delinquent special assessments and interest and any delinquent  
9 property taxes, penalties, and interest, do not exceed  
10 seventy-five percent of the actual value of the property.

11 2. The claim shall be filed with the department between  
12 January 1 and February 15 immediately following the close of  
13 the assessment year for which property taxes due and payable  
14 will be calculated. However, in case of sickness, absence, or  
15 other disability of the claimant, or if good cause exists, the  
16 department may extend the time for filing a claim through June  
17 30 of the same calendar year.

18 3. Every claimant shall give the department in support of  
19 the claim reasonable proof of all of the following:

20 *a.* Name, age, address, and social security or tax  
21 identification number.

22 *b.* The initial year of ownership of the homestead.

23 *c.* Size and nature of the property claimed as the homestead,  
24 including information on any mortgage loans or other amounts  
25 secured by mortgages or other liens against the property.

26 *d.* Household income.

27 *e.* Any additional proof necessary to support a claim as  
28 prescribed by rules of the department.

29 4. The application must state all of the following:

30 *a.* Program participation is voluntary.

31 *b.* The deferred amount depends directly on the claimant's  
32 household income and that program participation includes  
33 authorization for the annual deferred amount.

34 5. The department shall approve all initial applications  
35 that qualify under this chapter and shall notify approved

1 claimants on or before May 1 or on or before a date established  
2 by the department for those applications filed after February  
3 15 for which good cause exists under subsection 5. The  
4 department may investigate the facts or require confirmation  
5 in regard to an application. The approved deferral shall be  
6 valid for future years unless suspended under section 430.3 or  
7 terminated under section 430.7.

8 6. The department shall record or file a notice of  
9 qualification for deferral, including the name of the claimant  
10 and a legal description of the property, in the office of the  
11 county recorder for the county where the qualifying property  
12 is located. The notice must state that it serves as a notice  
13 of lien and that it includes deferrals under this chapter for  
14 future years. The homeowner shall pay the recording or filing  
15 fees for the notice.

16 Sec. 3. NEW SECTION. 430.3 **Excess-income certification by**  
17 **claimant — resumption.**

18 1. A claimant whose initial application has been approved  
19 under section 430.2 shall notify the department in writing  
20 by June 30 if the claimant's household income for the  
21 preceding calendar year exceeded sixty thousand dollars. The  
22 certification must state the claimant's total household income  
23 for the previous calendar year. Tax shall not be deferred  
24 relative to the appropriate assessment year for any homeowner  
25 whose total household income for the assessment year exceeds  
26 sixty thousand dollars. Tax shall not be deferred in any year  
27 in which the homeowner does not meet the program qualifications  
28 in this chapter. Property taxes shall not be deferred under  
29 this chapter in any year following the year in which a program  
30 participant filed or should have filed an excess-income  
31 certification under this section, unless the participant has  
32 filed a resumption of eligibility certification as described in  
33 subsection 2.

34 2. A claimant who has previously filed an excess-income  
35 certification under subsection 1 may resume program

1 participation if the claimant's household income for a  
2 subsequent year is sixty thousand dollars or less. If the  
3 claimant chooses to resume program participation, the claimant  
4 must notify the department in writing by June 30 of the year  
5 following a calendar year in which the claimant's household  
6 income is sixty thousand dollars or less. The certification  
7 must state the claimant's total household income for the  
8 previous calendar year. Once a taxpayer resumes participation  
9 in the program under this subsection, participation will  
10 continue until the taxpayer files a subsequent excess-income  
11 certification under subsection 1 or until the claimant  
12 terminates participation or is otherwise ineligible for the  
13 program.

14 3. The department shall assess a penalty equal to twenty  
15 percent of the property taxes improperly deferred in the case  
16 of a false application, a false certification, or in the case  
17 of a required excess-income certification which was not filed  
18 as of the applicable due date.

19 4. The department may conduct investigations related to  
20 initial applications and excess-income certifications required  
21 under this chapter within the period ending four years from the  
22 date of filing of the application or certification.

23 Sec. 4. NEW SECTION. 430.4 Deferral amount and annual  
24 notice.

25 1. a. The department shall determine each qualifying  
26 claimant's annual maximum property tax amount following  
27 approval of the claimant's initial application and following  
28 the receipt of a resumption of eligibility certification under  
29 section 430.3, if applicable. The annual maximum property tax  
30 amount equals three percent of the claimant's total household  
31 income for the year preceding either the initial application or  
32 the resumption of eligibility certification, as applicable, but  
33 not to exceed the amount of property taxes due and payable on  
34 the homestead for the year prior to the initial application.

35 b. Following approval of the initial application, the

1 department shall determine the qualifying claimant's total  
2 maximum allowable deferral. The total maximum allowable  
3 deferral for all participating years is an amount equal to  
4 seventy-five percent of the homestead's actual value, less  
5 the balance of any mortgage loans and other amounts secured  
6 by liens against the property at the time of application,  
7 including any unpaid and delinquent special assessments and  
8 interest and any delinquent property taxes, penalties, and  
9 interest.

10 2. On or before June 1 of the year of initial application,  
11 the department shall certify for each approved claimant the  
12 annual maximum property tax amount and the maximum allowable  
13 deferral. On or before June 1 of any year in which a claimant  
14 files a resumption of eligibility certification, the department  
15 shall certify the new annual maximum property tax amount to be  
16 used in calculating the deferral for subsequent years.

17 3. When the amount of property tax due and payable in an  
18 applicable fiscal year has been determined, the department  
19 shall calculate each claimant's deferred property tax amount.  
20 The deferred property tax amount is equal to the difference  
21 between the total amount of property taxes due and payable  
22 on the homestead and the annual maximum property tax amount,  
23 subject to the claimant's total maximum allowable deferral  
24 under subsection 1, paragraph "b".

25 4. Annually, the department shall notify in writing  
26 each applicable county treasurer and each claimant who  
27 is participating in the program of the amount of deferred  
28 taxes due and payable in the subsequent fiscal year and the  
29 total cumulative deferred taxes and accrued interest on the  
30 claimant's property as of that date.

31 **Sec. 5. NEW SECTION. 430.5 Payment of delinquent taxes and**  
32 **special assessments.**

33 Upon approval of a claimant's initial application, the  
34 department shall pay to the treasurer of the county where the  
35 property is located the amount of any delinquent property

1 taxes, penalties, interest, and delinquent special assessments  
2 and interest on the property which is the subject of the  
3 application.

4 Sec. 6. NEW SECTION. 430.6 Lien.

5 1. Payment by the state to the county treasurer of property  
6 taxes, penalties, interest, or special assessments and interest  
7 deferred under this chapter is deemed a loan from the state to  
8 the claimant.

9 2. The department must compute the interest at the rate  
10 provided in section 447.1, and maintain records of the total  
11 deferred amount and interest for each participant in the  
12 program. Interest shall accrue beginning September 1 of the  
13 fiscal year for which the taxes are deferred. Any deferral  
14 made under this chapter shall not be construed as delinquent  
15 property taxes.

16 3. The lien created for the deferral of property taxes  
17 continues to secure payment by the claimant, or by the  
18 claimant's successors or assigns, of the amount deferred,  
19 including interest, with respect to all years for which amounts  
20 are deferred. The lien for deferred taxes and interest has  
21 the same priority as any other lien for unpaid property taxes  
22 under chapter 445 and the rights of the state under the lien  
23 have priority over all subsequent mortgagees, purchasers, or  
24 judgment creditors, except that liens, including mortgages,  
25 recorded or filed prior to the recording or filing of the  
26 notice, have priority over the lien for deferred taxes and  
27 interest.

28 4. The department shall maintain records of the deferred  
29 portion and shall list the amount of deferred taxes for the  
30 year and the cumulative deferral and interest for all previous  
31 years as a lien against the property.

32 Sec. 7. NEW SECTION. 430.7 Termination of deferral —  
33 payment of deferred taxes.

34 1. The deferral of property taxes granted under this chapter  
35 terminates when one of the following occurs:

1     *a.* The homestead is sold or transferred, or no longer  
2 qualifies as a homestead.

3     *b.* The death of the claimant.

4     *c.* The claimant is no longer unmarried.

5     *d.* The claimant notifies the department in writing that the  
6 homeowner desires to discontinue the deferral.

7     2. Participation in the program is not terminated because no  
8 deferred property tax amount is determined on the homestead for  
9 any given year after the homestead's initial enrollment into  
10 the program.

11     3. Upon the termination of the deferral, the amount of  
12 deferred taxes, penalties, interest, and special assessments  
13 and interest, plus any unpaid recording or filing fees, becomes  
14 due and payable to the department of revenue within one year  
15 of termination of the deferral. No additional interest is due  
16 on the deferral if timely paid.

17     4. On receipt of payment, the department shall within ten  
18 days notify the county recorder in which the parcel is located,  
19 identifying the parcel to which the payment applies and shall  
20 remit the recording or filing fees, if applicable. A notice of  
21 termination of deferral, containing the legal description and  
22 the recording or filing data, shall be prepared and recorded or  
23 filed with the county recorder and the department shall mail a  
24 copy of the notice of termination to the claimant or property  
25 owner, as applicable. The claimant or property owner shall pay  
26 the recording or filing fees. Upon recording or filing of the  
27 notice of termination of deferral, the notice of qualification  
28 for deferral and the lien created by it are discharged. Upon  
29 receipt by the department of collected funds in the amount of  
30 the deferral, the state's loan to the program participant is  
31 deemed paid in full.

32     Sec. 8. NEW SECTION. 430.8 State reimbursement.

33     1. The department shall determine the total current year's  
34 deferred amount of property tax under this chapter in each  
35 county, and shall report those amounts to the appropriate



1 county treasurer.

2 2. The department shall pay the deferred amount of property  
3 tax to each county treasurer on or before August 31.

4 3. The county treasurer shall distribute the funds received  
5 from the department to the appropriate taxing entities as if  
6 the funds had been collected as a part of the property tax.

7 4. An amount sufficient to pay the total amount of property  
8 taxes deferred, plus any amounts paid under section 430.5, is  
9 annually appropriated from the general fund of the state to the  
10 department of revenue.

11 Sec. 9. NEW SECTION. 430.9 **Waiver of confidentiality.**

12 1. A claimant shall expressly waive any right to  
13 confidentiality relating to all income tax information  
14 obtainable through the department including all information  
15 covered by sections 422.20 and 422.72.

16 2. The department may release information pertaining to a  
17 claimant's eligibility or claim for or receipt of the deferral  
18 to an employee of the department of inspections and appeals in  
19 the employee's official conduct of an audit or investigation.

20 Sec. 10. NEW SECTION. 430.10 **False claim — penalty.**

21 A person who makes a false affidavit for the purpose of  
22 obtaining a deferral provided for in this chapter or who  
23 knowingly receives the deferral without being legally entitled  
24 to it is guilty of a fraudulent practice.

25 Sec. 11. NEW SECTION. 430.11 **Administration of program.**

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

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

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

34 3. The department of revenue shall adopt rules pursuant to  
35 chapter 17A to administer and interpret this chapter, including

1 rules to prevent and disallow duplication of benefits and to  
2 prevent any unreasonable hardship or advantage to any person.

3 4. The director of revenue shall provide information  
4 about the surviving spouse property tax deferral program and  
5 eligibility criteria for the program in an instruction booklet  
6 prepared for taxpayers to use in applying for the deferral.

7 5. The director of revenue shall prescribe the content,  
8 format, and manner of all forms and other documents required  
9 to be filed under this chapter.

10 Sec. 12. RETROACTIVE APPLICABILITY. This Act applies  
11 retroactively to January 1, 2022, for assessment years  
12 beginning on or after that date and to the filing of claims for  
13 deferral on or after January 1, 2023.

14 EXPLANATION

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

17 This bill establishes a surviving spouse property tax  
18 deferral program for certain persons who have attained the age  
19 of 65.

20 Under the bill, persons who own their homestead and who  
21 meet all of the following criteria are eligible to receive a  
22 deferral of property taxes levied against the homestead: (1)  
23 the property must be owned and occupied as a homestead by a  
24 claimant who is a surviving spouse who has not remarried; (2)  
25 the total household income of the claimant does not exceed  
26 \$60,000; (3) the homestead must have been owned and occupied  
27 as the homestead of the claimant or the claimant's deceased  
28 spouse for at least 15 years; (4) there are no state or federal  
29 tax liens or judgment liens on the homestead; and (5) the total  
30 unpaid balances of debts secured by mortgages and other liens  
31 on the property do not exceed 75 percent of the actual value of  
32 the property.

33 An initial claim for a deferral must be filed with the  
34 department of revenue between January 1 and February 15  
35 immediately following the close of the assessment year for

1 which property taxes due and payable will be calculated. The  
2 department of revenue may investigate the facts or require  
3 confirmation in regard to an application. The approved  
4 deferral is valid for future years unless suspended or  
5 terminated as provided in the bill. The department then  
6 records or files a notice of qualification for deferral in  
7 the office of the county recorder for the county where the  
8 qualifying property is located, and that notice must state that  
9 it serves as a notice of lien and that it includes deferrals  
10 under the program for future years.

11 A claimant participating in the program may temporarily  
12 suspend the deferral if the claimant's household income exceeds  
13 \$60,000 for one or more years.

14 The department is required to determine each qualifying  
15 claimant's annual maximum property tax amount following  
16 approval of the claimant's initial application. The annual  
17 maximum property tax amount equals 3 percent of the claimant's  
18 total household income for the year preceding either the  
19 initial application or the resumption following a temporary  
20 suspension, but not to exceed the amount of property taxes due  
21 and payable on the homestead for the year prior to the initial  
22 application.

23 When the amount of property tax due and payable in an  
24 applicable fiscal year has been determined, the department  
25 of revenue is required to calculate each claimant's deferred  
26 property tax amount. The deferred property tax amount is  
27 equal to the difference between the total amount of property  
28 taxes due and payable on the homestead and the annual maximum  
29 property tax amount, subject to the claimant's total maximum  
30 allowable deferral.

31 The total maximum allowable deferral for all participating  
32 years is an amount equal to 75 percent of the homestead's  
33 actual value, less the balance of any mortgage loans and other  
34 amounts secured by liens against the property at the time  
35 of application, including any unpaid and delinquent special

1 assessments and interest and any delinquent property taxes,  
2 penalties, and interest.

3     Upon approval of a claimant's initial application, the  
4 department of revenue pays to the treasurer of the county  
5 where the property is located the amount of any delinquent  
6 property taxes, penalties, interest, and delinquent special  
7 assessments and interest on the property. The department of  
8 revenue also pays annually the deferred amount of property  
9 tax to each county treasurer on or before August 31. The  
10 county treasurer shall distribute the funds received to the  
11 appropriate taxing entities as if they had been collected as  
12 a part of the property tax. An amount sufficient to pay the  
13 total amount of property taxes deferred, plus any amounts of  
14 delinquent property taxes, penalties, interest, and delinquent  
15 special assessments and interest paid for initial applications,  
16 is annually appropriated from the general fund of the state to  
17 the department of revenue.

18     Payment by the state to the county treasurer of property  
19 taxes, penalties, interest, or special assessments and interest  
20 deferred under the bill is deemed a loan from the state to  
21 the claimant. The department must compute the interest at  
22 the rate provided in the bill, and maintain records of the  
23 total deferred amount and interest for each participant in  
24 the program. The lien created for the deferral of property  
25 taxes continues to secure payment by the claimant, or by the  
26 claimant's successors or assigns, of the amount deferred,  
27 including interest, with respect to all years for which amounts  
28 are deferred.

29     The deferral of property taxes granted under the bill  
30 terminates when one of the following occurs: (1) the homestead  
31 is sold or transferred, or no longer qualifies as a homestead;  
32 (2) the death of the claimant; (3) the claimant is no longer  
33 unmarried; or (4) the claimant notifies the department in  
34 writing that the homeowner desires to discontinue the deferral.  
35 Upon the termination of the deferral, the amount of deferred

1 taxes, penalties, interest, and special assessments and  
2 interest, plus any unpaid recording or filing fees, becomes  
3 due and payable to the department of revenue within one year  
4 of termination of the deferral. On receipt of payment, the  
5 department shall within 10 days notify the county recorder in  
6 which the parcel is located and a notice of termination of  
7 deferral, and a notice shall be prepared and recorded or filed  
8 with the county recorder. Upon recording or filing of the  
9 notice of termination of deferral, the notice of qualification  
10 for deferral and the lien created by it are discharged. Upon  
11 receipt by the department of collected funds in the amount of  
12 the deferral, the state's loan to the program participant is  
13 deemed paid in full.

14 A person who makes a false affidavit for the purpose of  
15 obtaining a deferral or who knowingly receives the deferral  
16 without being legally entitled to it is guilty of a fraudulent  
17 practice.

18 The bill also establishes requirements for administering  
19 the program, including requirements for notices, appeals, and  
20 rulemaking of the department.

21 The bill applies retroactively to January 1, 2022, for  
22 assessment years beginning on or after that date and to the  
23 filing of claims for deferral on or after January 1, 2023.