

Senate File 2299 - Introduced

SENATE FILE 2299

BY BOULTON

A BILL FOR

1 An Act relating to the disabled veteran homestead tax credit
2 and the military service property tax exemption and credit
3 and including effective date, applicability, and retroactive
4 applicability provisions.

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

DIVISION I

DISABLED VETERAN HOMESTEAD CREDIT

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

5 NEW SUBSECTION. 1A. 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 a. A veteran as defined in section 35.1 with a permanent
15 service-connected disability rating that is less than one
16 hundred percent, as certified by the United States department
17 of veterans affairs.

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

24 Sec. 2. Section 425.15, subsection 2, paragraph a, Code
25 2022, is amended to read as follows:

26 a. For an owner described in subsection 1, paragraph "a",
27 "b", or "c", or subsection 1A, the credit allowed shall be
28 continued to the estate of an owner who is deceased or the
29 surviving spouse and any child, as defined in section 234.1,
30 who are the beneficiaries of a deceased owner, so long as the
31 surviving spouse remains unmarried.

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

34 3. An owner or a beneficiary of an owner who elects to
35 secure the credit provided in this section under the conditions

1 described in subsection 1 is not eligible for any other real
2 property tax exemption provided by law for veterans of military
3 service.

4 Sec. 4. EFFECTIVE UPON ENACTMENT. This division of this
5 Act, being deemed of immediate importance, takes effect upon
6 enactment.

7 Sec. 5. RETROACTIVE APPLICABILITY. This division of this
8 Act applies retroactively to homestead credit claims filed on
9 or after January 1, 2022, for credits allowed against property
10 taxes due and payable in fiscal years beginning on or after
11 July 1, 2023.

12 DIVISION II

13 MILITARY SERVICE CREDIT

14 Sec. 6. Section 426A.11, subsection 1, Code 2022, is amended
15 by striking the subsection.

16 Sec. 7. Section 426A.11, subsection 2, Code 2022, is amended
17 to read as follows:

18 2. The property, not to exceed ~~one thousand eight hundred~~
19 ~~fifty-two~~ fifteen thousand dollars in taxable value, of an
20 honorably separated, retired, furloughed to a reserve, placed
21 on inactive status, or discharged veteran, as defined in
22 section 35.1, subsection 2, paragraph "a" or "b".

23 Sec. 8. APPLICABILITY. This division of this Act applies
24 to property taxes due and payable in fiscal years beginning on
25 or after July 1, 2022.

26 EXPLANATION

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

29 This bill relates to the disabled veteran homestead credit
30 and the military service property tax exemption and credit.

31 Current Code section 425.15 provides a homestead credit
32 to the owner of a homestead for the full amount of property
33 tax levied if the owner is any of the following: (1) a
34 veteran of any of the military forces of the United States
35 who acquired the homestead under specified federal programs;

1 (2) a veteran with a permanent service-connected disability
2 rating of 100 percent or a permanent and total disability
3 rating based on individual unemployability that is compensated
4 at the 100 percent disability rate; (3) a former member of
5 the national guard of any state who meets specified service
6 requirements with a permanent service-connected disability
7 rating of 100 percent or a permanent and total disability
8 rating based on individual unemployability that is compensated
9 at the 100 percent disability rate; or (4) an individual who
10 is a surviving spouse or a child and who is receiving federal
11 dependency and indemnity compensation.

12 Division I of the bill creates two additional categories
13 of disabled veterans who qualify for a homestead credit
14 under Code section 425.15. Under the bill, if the owner of
15 a homestead does not meet the criteria under current law for
16 a disabled veteran homestead tax credit and is either of the
17 following, the amount of the credit allowed on the homestead
18 is the greater of the amount of the regular homestead credit
19 (an amount equal to the actual levy on the first \$4,850 dollars
20 of actual value) or a percentage of the entire amount of the
21 tax levied on the homestead that is equivalent to the owner's
22 service-connected disability rating percentage: (1) a veteran
23 with a permanent service-connected disability rating that is
24 less than 100 percent or (2) a former member of the national
25 guard of any state who meets specified service requirements
26 with a permanent service-connected disability rating of less
27 than 100 percent.

28 Division I of the bill takes effect upon enactment and
29 applies retroactively to homestead credit claims filed on or
30 after January 1, 2022, for credits allowed against property
31 taxes due and payable in fiscal years beginning on or after
32 July 1, 2023.

33 Under current law, veterans of World War I are entitled to a
34 property tax exemption of \$2,778 in taxable value and honorably
35 discharged veterans who served during other specific time

1 periods are entitled to a property tax exemption of \$1,852 in
2 taxable value. Division II of the bill increases the exemption
3 amount for all eligible veterans to \$15,000.

4 Under current law, the state provides funding to local
5 governments for the military service property tax exemption
6 and credit up to \$6.92 per \$1,000 of assessed value of the
7 exempt property. Code section 25B.7 provides that if a
8 state appropriation made to fund a credit or exemption is not
9 sufficient to fully fund the credit or exemption, the political
10 subdivision shall be required to extend to the taxpayer only
11 that portion of the credit or exemption estimated by the
12 department of revenue to be funded by the state appropriation.
13 The requirement for fully funding and the consequences of not
14 fully funding under Code section 25B.7 apply to the military
15 service property tax credit and exemption to the extent of
16 \$6.92 per \$1,000 of assessed value of the exempt property.

17 Division II of the bill applies to property taxes due and
18 payable in fiscal years beginning on or after July 1, 2022.