

Senate Study Bill 1034 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON LABOR AND BUSINESS
RELATIONS BILL BY
CHAIRPERSON WHITING)

A BILL FOR

1 An Act establishing a new resident homestead rebate for certain
2 individuals relocating to the state, establishing a new
3 resident homestead rebate fund, and making appropriations.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 425B.1 New resident homestead
2 rebate program.

3 Persons who own their homesteads and who meet the
4 qualifications provided in this chapter are eligible for a new
5 resident homestead rebate.

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

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

9 1. "*Base year*" means the calendar year last ending before
10 the claim is filed.

11 2. "*Claimant*" means a person filing a claim for a rebate
12 under this chapter who resided outside of the state prior to
13 filing the claim, who moved to and established a homestead
14 in this state on or after January 1, 2021, but before the
15 end of the base year, and who was employed in this state for
16 an average of twenty hours per week during the base year,
17 or during that portion of the year during which the person
18 lived in this state, or is the spouse of a person in the same
19 household who was employed in this state for an average of
20 twenty hours per week during the base year, or during that
21 portion of the year during which the person lived in this
22 state.

23 3. "*Homestead*" means the same as defined in section 425.11.

24 4. "*Household*" means the same as defined in section 425.17.

25 5. "*Property taxes paid*" means property taxes actually
26 paid by the claimant excluding any property tax credit on
27 the homestead and any special assessments certified pursuant
28 to chapter 384, subchapter IV, and exclusive of delinquent
29 interest and charges for services, due on a claimant's
30 homestead in this state, but includes only property taxes for
31 which the claimant is liable.

32 Sec. 3. NEW SECTION. 425B.3 Claiming rebate.

33 1. The right to file a claim for a new resident homestead
34 rebate under this chapter may be exercised by the claimant
35 or on behalf of a claimant by the claimant's legal guardian,

1 spouse, or attorney, or by the executor or administrator of
2 the claimant's estate. If a claimant dies after having filed
3 a claim for a rebate, the amount of the rebate may be paid to
4 another member of the household as determined by the department
5 of revenue. If the claimant was the only member of the
6 household, the rebate may be paid to the claimant's executor or
7 administrator, but if neither is appointed and qualified within
8 one year from the date of the filing of the claim, the rebate
9 shall escheat to the state.

10 2. a. Only one claimant per household per year shall
11 be entitled to a rebate under this chapter. Subject to the
12 limitations in paragraph "b", a claimant may annually claim
13 a rebate for a portion of the property taxes paid on the
14 homestead during the base year. A claimant may only establish
15 residency once for purposes of eligibility for the rebate under
16 this chapter. The director of revenue shall make available
17 suitable forms with instructions for claimants. The claim
18 shall be in a form as the director may prescribe.

19 b. The rebate authorized under this chapter shall be
20 available to a claimant for the five consecutive years
21 following the year the claimant established residency in this
22 state if the homestead and employment requirements are met
23 during each base year. The amount of the rebate is equal to a
24 percent of the property taxes paid, determined as follows:

- 25 (1) For the first year, twenty percent.
- 26 (2) For the second year, forty percent.
- 27 (3) For the third year, sixty percent.
- 28 (4) For the fourth year, eighty percent.
- 29 (5) For the fifth year, one hundred percent.

30 3. A claim for a rebate shall not be paid or allowed unless
31 the claim is filed with the department of revenue between
32 January 1 and March 1, both dates inclusive, immediately
33 following the base year during which the property taxes
34 were paid. However, in case of sickness, absence, or other
35 disability of the claimant, or if in the judgment of the

1 director of revenue good cause exists, the director of revenue
2 may extend the time for filing a claim for rebate through
3 June 30 of the same calendar year. A claim for rebate shall
4 be disallowed if the department finds that the claimant or
5 a person of the claimant's household received title to the
6 homestead primarily for the purpose of receiving benefits under
7 this chapter.

8 4. The amount of any rebate payable under this chapter
9 may be applied by the department of revenue against any tax
10 liability, delinquent accounts, charges, loans, fees, or other
11 indebtedness due the state or state agency that has a formal
12 agreement with the department of revenue for central debt
13 collection, outstanding on the books of the department against
14 the claimant, or against a spouse who was a member of the
15 claimant's household in the base year.

16 Sec. 4. NEW SECTION. 425B.4 Proof of claim.

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

19 a. Date of establishing residency in this state.

20 b. Ownership of the property claimed as homestead or changes
21 in homestead.

22 c. Property taxes paid during base year.

23 d. Household membership.

24 e. Employment hours during base year.

25 2. The department may require any additional proof
26 necessary to support a claim.

27 Sec. 5. NEW SECTION. 425B.5 Audit — recalculation or
28 denial — appeals.

29 If on the audit of a claim for rebate under this chapter,
30 the department of revenue determines the amount of the claim
31 to have been incorrectly calculated or that the claim is not
32 allowable, the department shall recalculate the claim and
33 notify the claimant of the recalculation or denial and the
34 reasons for it. The recalculation of the claim shall be final
35 unless appealed to the director within thirty days from the

1 date of notice of recalculation or denial. The director shall
2 grant a hearing, and upon hearing, determine the correct claim,
3 if any, and notify the claimant of the decision by mail. The
4 department of revenue shall not adjust a claim after three
5 years from October 31 of the year in which the claim was filed.
6 If the rebate has been paid, the amount may be recovered by
7 assessment in the same manner that income taxes are assessed
8 under sections 422.26 and 422.30. The decision of the director
9 shall be final unless appealed as provided in section 425B.7,
10 subsection 2. Section 422.70 applies with respect to this
11 chapter.

12 **Sec. 6. NEW SECTION. 425B.6 False claim — penalty.**

13 A person who makes a false affidavit for the purpose of
14 obtaining the rebate provided for in this chapter or who
15 knowingly receives the rebate without being legally entitled
16 to it is guilty of a fraudulent practice. The claim for rebate
17 shall be disallowed in full and if the rebate has been paid,
18 the amount shall be recovered in the manner provided in section
19 425B.5. The department of revenue may impose penalties under
20 section 421.27. The department of revenue shall send a notice
21 of disallowance of the claim.

22 **Sec. 7. NEW SECTION. 425B.7 Notices, appeals, and rules.**

23 1. Section 423.39, subsection 1, shall apply to all notices
24 under this chapter.

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

30 3. The director of revenue shall adopt rules in
31 accordance with chapter 17A for the interpretation and proper
32 administration of this chapter, including rules to prevent
33 and disallow duplication of benefits and to prevent any
34 unreasonable hardship or advantage to any person.

35 **Sec. 8. NEW SECTION. 425B.8 Fund created — appropriation.**

1 The new resident homestead rebate fund is created. There
2 is appropriated annually from the general fund of the state to
3 the department of revenue to be credited to the new resident
4 homestead rebate fund, from funds not otherwise appropriated,
5 an amount sufficient to implement this chapter and make
6 payments for all rebates claimed.

7 EXPLANATION

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

10 This bill establishes a new resident homestead rebate for
11 certain individuals who relocate to the state, maintain a
12 homestead, and meet certain employment requirements. A person
13 who moved to and established a homestead in this state on or
14 after January 1, 2021, but before the end of the base year, as
15 defined in the bill, and who was employed in this state for an
16 average of 20 hours per week during the base year, or during
17 that portion of the year during which the person lived in this
18 state, or is the spouse of a person in the same household who
19 satisfies this employment requirement, is eligible for the
20 rebate. The criteria for determining a "homestead" is the same
21 as is required for the homestead property tax credit under Code
22 chapter 425.

23 Only one claimant per household per year is entitled to
24 a rebate under the bill. Additionally, a claimant may only
25 establish residency once for purposes of eligibility for the
26 rebate under the bill. A claimant may annually claim a rebate
27 for a portion of the property taxes paid on the homestead
28 during the base year. "Property taxes paid" is defined in
29 the bill to be property taxes actually paid by the claimant
30 excluding any property tax credit on the homestead and any
31 special assessments certified pursuant to Code chapter 384,
32 subchapter IV, and exclusive of delinquent interest and charges
33 for services, due on a claimant's homestead in this state, but
34 includes only property taxes for which the claimant is liable.

35 The rebate authorized in the bill is available to a claimant

1 for the five consecutive years following the establishment
2 of residency in this state if the homestead and employment
3 requirements are met during each base year. The amount of
4 the rebate is equal to a percent of the property taxes paid,
5 determined as follows: for the first year, 20 percent; for
6 the second year, 40 percent; for the third year, 60 percent;
7 for the fourth year, 80 percent; and for the fifth year, 100
8 percent.

9 A claim for a rebate shall not be paid or allowed unless the
10 claim is filed with the department of revenue between January
11 1 and March 1, both dates inclusive, immediately following
12 the base year during which the property taxes were paid. The
13 bill authorizes the amount of any rebate to be applied by the
14 department of revenue against any tax liability, delinquent
15 accounts, charges, loans, fees, or other indebtedness due the
16 state or state agency that has a formal agreement with the
17 department of revenue for central debt collection, outstanding
18 on the books of the department against the claimant, or against
19 a spouse who was a member of the claimant's household in the
20 base year.

21 The bill establishes provisions relating to the audit of
22 rebate claims and the collection of improperly paid rebates. A
23 person who makes a false affidavit for the purpose of obtaining
24 the rebate or who knowingly receives the rebate without being
25 legally entitled to it is guilty of a fraudulent practice.

26 The bill establishes a new resident homestead rebate
27 fund. The bill appropriates annually from the general fund
28 of the state to the department of revenue to be credited to
29 the new resident homestead rebate fund an amount sufficient
30 to implement the program and make payments for all rebates
31 claimed.