

Senate File 2399 - Introduced

SENATE FILE 2399

BY DRISCOLL

A BILL FOR

1 An Act relating to persons who qualify for the military service
2 tax exemption, and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 35.1, subsection 2, paragraph b,
2 subparagraph (2), Code 2024, is amended to read as follows:

3 (2) Former members of the Iowa national guard who served
4 at least twenty years in the Iowa national guard and who were
5 discharged under honorable conditions. However, a member of
6 the Iowa national guard who was activated for federal duty,
7 other than training, for a minimum aggregate of ~~ninety days~~
8 eighteen months, and was discharged under honorable conditions
9 or was retired under Tit. 10 of the United States Code shall be
10 included as a veteran.

11 Sec. 2. Section 35.1, subsection 2, Code 2024, is amended by
12 adding the following new paragraph:

13 NEW PARAGRAPH. *d.* A resident of this state who is a current
14 member of the armed forces of the United states and has served
15 in the armed forces of the United States on federal active
16 duty, other than training, for a minimum aggregate of eighteen
17 months.

18 Sec. 3. Section 35.2, Code 2024, is amended to read as
19 follows:

20 **35.2 Proof of veteran status for certain veterans.**

21 1. In order to fulfill any eligibility requirements under
22 Iowa law pertaining to veteran status, a veteran described in
23 section 35.1, subsection 2, paragraph "b", subparagraph (6) or
24 (7), shall submit the veteran's retirement points accounting
25 statement issued by the armed forces of the United States, the
26 state adjutant general, or the adjutant general of any other
27 state, to confirm that the person has completed twenty years of
28 service with the reserve forces or the national guard.

29 2. In order to fulfill any eligibility requirements under
30 Iowa law pertaining to veteran status, a veteran described in
31 section 35.1, subsection 2, paragraph "d", shall submit a report
32 created pursuant to the federal Servicemembers Civil Relief
33 Act, 50 U.S.C. App. §3901 et seq., showing the person's status
34 as a current member of the armed forces of the United States.

35 Sec. 4. Section 426A.11, subsections 3 and 4, Code 2024, are

1 amended to read as follows:

2 3. Where the word "veteran" appears in [this chapter](#), it
3 includes without limitation the members of the United States
4 air force, army, marines, merchant marine, navy, space force,
5 and coast guard.

6 4. For purposes of [this chapter](#), unless the context
7 otherwise requires, "veteran" also means a resident of this
8 state who is a described by any of the following:

9 a. A former member of the armed forces of the United States
10 and who served for a minimum aggregate of eighteen months
11 and who was discharged under honorable conditions. However,
12 ~~"veteran" also means a resident of this state who is a~~

13 b. A former member of the armed forces of the United
14 States and who, after serving fewer than eighteen months,
15 was honorably discharged because of a service-related injury
16 sustained by the veteran.

17 c. A current member of the armed forces of the United States
18 who has served a minimum aggregate of eighteen months.

19 d. A current member of a reserve force of the United States
20 or the Iowa national guard who was activated for federal duty,
21 other than training, for a minimum aggregate of eighteen
22 months.

23 Sec. 5. Section 426A.13, subsections 1 and 2, Code 2024, are
24 amended to read as follows:

25 1. A person named in [section 426A.11](#), who is a resident of
26 and domiciled in the state of Iowa, shall receive a reduction
27 equal to the exemption, to be made from any property owned
28 by the person or owned by a family farm corporation of which
29 the person is a shareholder and occupant of the property and
30 so designated by proceeding as provided in [this section](#). To
31 be eligible to receive the exemption, the person claiming it
32 shall have recorded in the office of the county recorder of
33 the county in which is located the property designated for the
34 exemption, evidence of property ownership by that person or the
35 family farm corporation of which the person is a shareholder

1 and the military certificate of satisfactory service, order
2 transferring to inactive status, reserve, retirement, order of
3 separation from service, honorable discharge or a copy of any
4 of these documents of the person claiming or through whom is
5 claimed the exemption. In the case of a person claiming the
6 exemption as a veteran described in [section 35.1, subsection 2,](#)
7 paragraph "b", subparagraph (6) or (7), the person shall file
8 the statement required by [section 35.2, subsection 1.](#) In the
9 case of a person claiming the exemption as a veteran described
10 in section 35.1, subsection 2, paragraph "d", the person shall
11 file the report required by section 35.2, subsection 2.

12 2. The person shall file with the appropriate assessor on
13 forms obtained from the assessor the claim for exemption for
14 the year for which the person is first claiming the exemption.
15 The claim shall be filed not later than July 1 of the year
16 for which the person is claiming the exemption. The claim
17 shall set out the fact that the person is a resident of and
18 domiciled in the state of Iowa, and a person within the terms
19 of [section 426A.11,](#) and shall give the volume and page on which
20 the certificate of satisfactory service, order of separation,
21 retirement, furlough to reserve, inactive status, or honorable
22 discharge or certified copy thereof is recorded in the office
23 of the county recorder, and may include the designation of the
24 property from which the exemption is to be made, and shall
25 further state that the claimant is the equitable or legal owner
26 of the property designated or if the property is owned by a
27 family farm corporation, that the person is a shareholder of
28 that corporation and that the person occupies the property.
29 In the case of a person claiming the exemption as a veteran
30 described in [section 35.1, subsection 2,](#) paragraph "b",
31 subparagraph (6) or (7), the person shall file the statement
32 required by [section 35.2, subsection 1.](#) In the case of a
33 person claiming the exemption as a veteran described in section
34 35.1, subsection 2, paragraph "d", the person shall file the
35 report required by section 35.2, subsection 2.

1 Sec. 6. IMPLEMENTATION. Section 25B.7 shall not apply to
2 the property tax exemption enacted in this Act.

3 Sec. 7. APPLICABILITY. This Act applies to assessment years
4 beginning on or after January 1, 2025.

5 EXPLANATION

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

8 This bill relates to persons who qualify for the military
9 service tax exemption.

10 Under current law, a person may qualify as a veteran if
11 the person served in the Iowa national guard for a period
12 of at least 20 years and who was discharged under honorable
13 conditions, or the person was activated for federal duty, other
14 than training, for a minimum aggregate of 90 days, and was
15 discharged under honorable conditions or was retired under Tit.
16 10 of the United States Code. The bill changes the minimum
17 aggregate a person must be activated for federal duty to 18
18 months.

19 The bill includes in the definition of veteran residents of
20 this state who are current members of the armed forces of the
21 United States and have served in the armed forces of the United
22 States on federal active duty, other than training, for a
23 minimum aggregate of 18 months. The bill requires persons who
24 qualify as veterans in this manner to submit a report created
25 pursuant to the Servicemembers Civil Relief Act, showing the
26 person's status as a current member of the armed forces of the
27 United States when required to verify the person's status as
28 a veteran.

29 The bill adds members of the United States army, marines,
30 navy, and space force as armed forces explicitly included
31 within the meaning of "veteran" for the purposes of Code
32 chapter 426A (military service tax credit and exemptions).

33 The military service tax exemption (MSTE) is an exemption on
34 property value up to a maximum of \$4,000 for assessment years
35 beginning on or after January 1, 2023. The MSTE is available

1 to veterans of the United States air force, merchant marine,
2 and coast guard, and also to Iowa residents who were honorably
3 discharged from armed service after a minimum of 18 months
4 of service and Iowa residents who were honorably discharged
5 because of a service-related injury.

6 The bill adds persons who are current members of the armed
7 forces of the United States who have served a minimum aggregate
8 of 18 months and current members of the reserve forces or Iowa
9 national guard who have served a minimum aggregate of 10 years
10 as persons who are eligible for the MSTE.

11 The bill makes inapplicable Code section 25B.7. Code
12 section 25B.7 provides that for a property tax credit or
13 exemption enacted on or after January 1, 1997, if a state
14 appropriation made to fund the credit or exemption is not
15 sufficient to fully fund the credit or exemption, the political
16 subdivision shall be required to extend to the taxpayer only
17 that portion of the credit or exemption estimated by the
18 department of revenue to be funded by the state appropriation.

19 The bill makes conforming changes to Code section 426A.13(1)
20 and (2).

21 The bill applies to assessment years beginning on or after
22 January 1, 2025.