House Study Bill 271 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON WAYS AND MEANS BILL BY CHAIRPERSON KAUFMANN)

A BILL FOR

An Act establishing a partial exemption on property taxes for certain residential properties sold in disaster areas.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 427.1, Code 2025, is amended by adding the following new subsection:

NEW SUBSECTION. 43. *Residential property acquired from United States department of housing and urban development.* A residential property sold by the United States department of housing and urban development to an owner who is receiving the homestead tax credit under section 425.1 on the residential property shall be partially exempt from taxation if the sale was to provide housing to individuals following a major disaster or disaster emergency and the residential property was located in the major disaster area declared by the president of the United States or the disaster emergency area for which the governor has proclaimed a state of disaster emergency. The exemption is for a period of four assessment years. The amount of the partial exemption is equal to a percent of the actual value, determined as follows:

a. For the first full assessment year occurring after the sale, eighty percent.

b. For the second full assessment year occurring after the sale, sixty percent.

c. For the third full assessment year occurring after the sale, forty percent.

d. For the fourth full assessment year occurring after the sale, twenty percent.

EXPLANATION

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

A residential property sold by the United States department of housing and urban development (HUD) to an owner who is receiving the homestead tax credit on the residential property shall be partially exempt from taxation if the sale was to provide housing to individuals following a major disaster or disaster emergency and the residential property was located in the major disaster or disaster emergency area. The exemption is for a four-year period beginning with the first full assessment year after the sale.

This bill provides an 80 percent exemption on the actual value in the first assessment year, a 60 percent in the second year, a 40 percent in the third year, a 20 percent in the fourth year, and the exemption expires in the fifth year.