

Senate File 2124 - Introduced

SENATE FILE 2124
BY SALMON

A BILL FOR

1 An Act relating to the disabled veteran homestead tax credit
2 and including effective date and retroactive applicability
3 provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 425.15, Code 2026, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 1A. a. For homestead credits allowed
4 against property taxes due and payable in the fiscal year
5 beginning July 1, 2027, if the owner of a homestead allowed
6 a credit under this subchapter does not meet the criteria of
7 subsection 1 and is any of the following, the amount of the
8 credit allowed on the homestead from the homestead credit fund
9 shall be the greater of the amount of the credit authorized under
10 section 425.1, subsection 2, or an amount equal to a percentage
11 of the entire amount of the tax levied on the homestead that is
12 equivalent to the owner's permanent service-connected disability
13 rating percentage:

14 (1) A veteran as defined in section 35.1 with a permanent
15 service-connected disability rating that is less than one hundred
16 percent but equal to or greater than seventy percent, as
17 certified by the United States department of veterans affairs.

18 (2) A former member of the national guard of any state
19 who 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 but equal to or greater than seventy percent, as
23 certified by the United States department of veterans affairs.

24 b. For homestead credits allowed against property taxes due
25 and payable in the fiscal year beginning July 1, 2028, if the
26 owner of a homestead allowed a credit under this subchapter
27 does not meet the criteria of subsection 1 and is any of the
28 following, the amount of the credit allowed on the homestead from
29 the homestead credit fund shall be the greater of the amount
30 of the credit authorized under section 425.1, subsection 2, or
31 an amount equal to a percentage of the entire amount of the
32 tax levied on the homestead that is equivalent to the owner's
33 permanent service-connected disability rating percentage:

34 (1) A veteran as defined in section 35.1 with a permanent
35 service-connected disability rating that is less than one hundred

1 percent but equal to or greater than forty percent, as certified
2 by the United States department of veterans affairs.

3 (2) A former member of the national guard of any state
4 who otherwise meets the service requirements of section 35.1,
5 subsection 2, paragraph "b", subparagraph (2) or (7), with a
6 permanent service-connected disability rating of less than one
7 hundred percent but equal to or greater than forty percent, as
8 certified by the United States department of veterans affairs.

9 c. For homestead credits allowed against property taxes due
10 and payable in the fiscal years beginning on or after July 1,
11 2029, if the owner of a homestead allowed a credit under this
12 subchapter does not meet the criteria of subsection 1 and is
13 any of the following, the amount of the credit allowed on the
14 homestead from the homestead credit fund shall be the greater
15 of the amount of the credit authorized under section 425.1,
16 subsection 2, or an amount equal to a percentage of the entire
17 amount of the tax levied on the homestead that is equivalent
18 to the owner's permanent service-connected disability rating
19 percentage:

20 (1) A veteran as defined in section 35.1 with a permanent
21 service-connected disability rating that is less than one hundred
22 percent but equal to or greater than ten percent, as certified by
23 the United States department of veterans affairs.

24 (2) A former member of the national guard of any state
25 who otherwise meets the service requirements of section 35.1,
26 subsection 2, paragraph "b", subparagraph (2) or (7), with a
27 permanent service-connected disability rating of less than one
28 hundred percent but equal to or greater than ten percent, as
29 certified by the United States department of veterans affairs.

30 Sec. 2. Section 425.15, subsection 2, paragraph a, Code 2026,
31 is amended to read as follows:

32 a. For an owner described in subsection 1, paragraph "a",
33 "b", or "c", or subsection 1A, the credit allowed shall be
34 continued to the estate of an owner who is deceased or the
35 surviving spouse and any child, as defined in section 234.1,

1 who are the beneficiaries of a deceased owner, so long as the
2 surviving spouse remains unmarried.

3 Sec. 3. Section 425.15, subsection 3, Code 2026, is amended
4 to read as follows:

5 3. An owner or a beneficiary of an owner who elects to
6 secure the credit provided ~~in this section~~ under the conditions
7 described in subsection 1 is not eligible for any other real
8 property tax exemption provided by law for veterans of military
9 service.

10 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
11 immediate importance, takes effect upon enactment.

12 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies
13 retroactively to homestead credit claims filed on or after
14 January 1, 2026, for credits allowed against property taxes due
15 and payable in fiscal years beginning on or after July 1, 2027.

16 EXPLANATION

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

19 Current Code section 425.15 provides a homestead credit to
20 the owner of a homestead for the full amount of property tax
21 levied if the owner is any of the following: (1) a veteran of
22 any of the military forces of the United States who acquired
23 the homestead under specified federal programs; (2) a veteran
24 with a permanent service-connected disability rating of 100
25 percent or a permanent and total disability rating based on
26 individual unemployability that is compensated at the 100 percent
27 disability rate; (3) a former member of the national guard of any
28 state who meets specified service requirements with a permanent
29 service-connected disability rating of 100 percent or a permanent
30 and total disability rating based on individual unemployability
31 that is compensated at the 100 percent disability rate; or (4)
32 an individual who is a surviving spouse or a child and who is
33 receiving federal dependency and indemnity compensation.

34 This bill creates two additional categories of disabled
35 veterans who qualify for a homestead credit under Code section

1 425.15 that are phased in over a period of years based on
2 the individual's permanent service-connected disability rating.
3 Under the bill, if the owner of a homestead does not meet the
4 criteria under current law for a disabled veteran homestead tax
5 credit, the amount of the credit allowed on the homestead is
6 the greater of the amount of the regular homestead credit (an
7 amount equal to the actual levy on the first \$4,850 of actual
8 value) or an amount equal to a percentage of the entire amount
9 of the tax levied on the homestead that is equivalent to the
10 owner's service-connected disability rating percentage if the
11 owner is either of the following: (1) a veteran with a permanent
12 service-connected disability rating that is less than 100 percent
13 but equal to or greater than the percentage applicable to the
14 specific year of the phase in; or (2) a former member of
15 the national guard of any state who meets specified service
16 requirements with a permanent service-connected disability rating
17 of less than 100 percent but equal to or greater than the
18 percentage applicable to the specific year of the phase in.

19 The bill takes effect upon enactment and applies retroactively
20 to homestead credit claims filed on or after January 1, 2026, for
21 credits allowed against property taxes due and payable in fiscal
22 years beginning on or after July 1, 2027.