

Senate File 2354 - Introduced

SENATE FILE 2354
BY WESTRICH

A BILL FOR

1 An Act relating to assistance animals in residential rental
2 housing, including damage reimbursement, refundable income tax
3 credits, and a landlord insurance risk pool, and providing
4 penalties and effective date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. **562A.9A Assistance animals —**
2 **damage reimbursement — deposits — misrepresentation.**

3 1. For purposes of this section, unless the context otherwise
4 requires:

5 a. "*Assistance animal*" means the same as defined in section
6 216.8B.

7 b. "*Emotional support animal*" means an animal that is covered
8 by the exclusion specified in 24 C.F.R. §5.303 and that is not a
9 service animal.

10 c. "*Service animal*" means the same as defined in section
11 216.8B.

12 d. "*Therapy animal*" means an animal that provides therapeutic
13 benefit but is not individually trained to perform tasks for a
14 person with a disability and is not a service animal.

15 2. If a landlord suffers unreimbursed damage to a dwelling
16 unit due to a tenant's assistance animal, emotional support
17 animal, service animal, or therapy animal, the landlord may seek
18 compensation pursuant to any of the following:

19 a. A landlord may notify the department of revenue of the
20 amount of unreimbursed damage caused to the landlord's dwelling
21 unit by a tenant's assistance animal, emotional support animal,
22 service animal, or therapy animal. Upon the landlord providing
23 verification of the amount of damage to the satisfaction of
24 the department of revenue, the department of revenue shall
25 provide notice to the tenant of the claim and provide the tenant
26 opportunity to dispute the amount. If, after providing notice
27 to the tenant and receiving any evidence from the tenant, the
28 department of revenue determines that the landlord's claim is
29 substantiated, the department of revenue shall use the setoff
30 program pursuant to section 421.65 to pay over to the landlord
31 the amount owed. A landlord shall not request a setoff for the
32 same damages if the landlord is reimbursed pursuant to the tax
33 credit established pursuant to paragraph "b" or a claim under
34 the insurance pool pursuant to paragraph "c". The department of
35 revenue shall adopt rules to administer this paragraph.

1 b. A landlord may claim a tax credit under section 422.12R
2 for unreimbursed damage caused by an assistance animal, emotional
3 support animal, service animal, or therapy animal to the extent
4 that the landlord has not made a claim for reimbursement for the
5 same damage pursuant to paragraph "a" or "c".

6 c. (1) The director of the department of administrative
7 services may establish plans for and procure group insurance to
8 establish a state risk pool for landlords to be reimbursed for
9 damage caused by tenants' assistance animals, emotional support
10 animals, service animals, and therapy animals.

11 (2) The funds for such plans shall be created solely from
12 the contributions of participating landlords. All landlords
13 participating in the plan shall be assessed and required to pay
14 an amount to be fixed by the director of the department of
15 administrative services. Participation in the plan is optional.

16 (3) Election to participate shall be in writing on forms
17 provided by the department of administrative services.

18 (4) The director of the department of administrative services
19 may contract with any insurance company having a certificate of
20 authority to transact an insurance business in this state with
21 respect to a group insurance plan.

22 (5) The department of administrative services shall adopt
23 rules to administer this paragraph.

24 3. a. Unless prohibited by state or federal law, a landlord
25 may require a reasonable, refundable damage deposit for an
26 emotional support animal or a therapy animal.

27 b. A deposit collected under this subsection shall only be
28 used for damage beyond ordinary wear and tear.

29 c. A landlord shall not require a damage deposit for a
30 service animal.

31 4. Unless required by federal law, a landlord is not required
32 to allow a tenant to keep in the dwelling unit an emotional
33 support animal or therapy animal as accommodation that is not a
34 dog.

35 5. a. A person who intentionally misrepresents an animal as

1 an assistance animal, therapy animal, or emotional support animal
2 is guilty of a simple misdemeanor.

3 *b.* A person commits the offense of intentional
4 misrepresentation of an animal as an assistance animal, therapy
5 animal, or emotional support animal if, for the purpose of
6 obtaining any of the rights or privileges set forth in state or
7 federal law, the person intentionally misrepresents an animal in
8 one's possession as one's assistance animal, therapy animal, or
9 emotional support animal.

10 Sec. 2. NEW SECTION. **422.12R Landlord reimbursement tax**
11 **credit.**

12 1. For purposes of this section:

13 *a.* "Assistance animal" means the same as defined in section
14 216.8B.

15 *b.* "Dwelling unit" means the same as defined in section
16 562A.6.

17 *c.* "Emotional support animal" means the same as defined in
18 section 562A.9A.

19 *d.* "Landlord" means the same as defined in section 562A.6.

20 *e.* "Service animal" means the same as defined in section
21 562A.9A.

22 *f.* "Tenant" means the same as defined in section 562A.6.

23 *g.* "Therapy animal" means the same as defined in section
24 562A.9A.

25 2. The taxes imposed under this subchapter, less the credits
26 allowed under section 422.12, shall be reduced by a landlord
27 reimbursement tax credit.

28 3. The amount of the credit shall be equal to the amount
29 of verifiable damage, above normal wear and tear, to a dwelling
30 unit that was caused by an assistance animal, emotional support
31 animal, service animal, or therapy animal owned by a tenant, to
32 the extent that the damage is not compensated by a damage deposit
33 or setoff or reimbursement from the risk pool pursuant to section
34 562A.9A.

35 4. A landlord may claim the credit under this section by

1 providing the department with evidence of the damage caused by
2 the animal to the satisfaction of the department.

3 5. An individual may claim the tax credit allowed a
4 partnership, S corporation, limited liability company, estate,
5 or trust electing to have the income taxed directly to the
6 individual. The amount claimed by the individual shall be
7 based upon the pro rata share of the individual's earnings of a
8 partnership, S corporation, limited liability company, estate, or
9 trust.

10 6. Any credit in excess of the tax liability is refundable.
11 In lieu of claiming a refund, the taxpayer may elect to have
12 the overpayment shown on the taxpayer's final, completed return
13 credited to the tax liability for the following tax year.

14 7. The director shall adopt rules to implement this section.

15 Sec. 3. EFFECTIVE DATE. This Act takes effect July 1, 2027.

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EXPLANATION

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The inclusion of this explanation does not constitute agreement with

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the explanation's substance by the members of the general assembly.

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This bill relates to landlord reimbursement for damage to
20 dwelling units caused by a tenant's assistance animal, emotional
21 support animal, service animal, or therapy animal, including a
22 refundable income tax credit and a landlord insurance risk pool.

23

The bill provides that if a landlord suffers unreimbursed
24 damage to a dwelling unit due to a tenant's assistance animal,
25 emotional support animal, service animal, or therapy animal, the
26 landlord may seek compensation through one of three methods.
27 First, the landlord may notify the department of revenue of the
28 amount of unreimbursed damage. Upon satisfactory verification,
29 the department of revenue must notify the tenant and provide an
30 opportunity to dispute the claim. If the claim is substantiated,
31 the department must use the income tax refund setoff program
32 under Code section 421.65 (setoff procedures) to pay the landlord
33 the amount owed. A landlord may not seek a setoff for damages
34 that are reimbursed through the tax credit or insurance risk pool
35 established in the bill. The department of revenue is required

1 to adopt rules to administer these procedures.

2 Second, the landlord may claim a refundable income tax credit
3 for unreimbursed damage under the bill, to the extent the
4 landlord has not received reimbursement for the same damage
5 through the setoff process or the insurance risk pool. The
6 credit equals the amount of verifiable damage above normal wear
7 and tear to a dwelling unit caused by a tenant's assistance
8 animal, emotional support animal, service animal, or therapy
9 animal, to the extent the damage is not compensated by a damage
10 deposit, setoff, or reimbursement from the risk pool. Taxpayers
11 claiming the credit must provide evidence of the damage to the
12 satisfaction of the department of revenue. The credit may be
13 claimed by individuals and by pass-through entity owners based
14 on the individual's pro rata share of earnings. Any excess
15 credit may be refunded or applied to the following tax year. The
16 director of revenue is required to adopt rules to implement the
17 tax credit.

18 Third, the bill authorizes the director of the department of
19 administrative services to establish and procure group insurance
20 plans to create a voluntary state risk pool to reimburse
21 landlords for damage caused by such animals. The risk pool
22 is funded solely by contributions from participating landlords,
23 who must elect to participate in writing and pay assessments
24 determined by the director. The director may contract with
25 authorized insurers and must adopt rules to administer the
26 program.

27 The bill provides that, unless prohibited by state or federal
28 law, a landlord may require a reasonable, refundable damage
29 deposit for an emotional support animal or therapy animal. The
30 deposit may be used only for damage beyond ordinary wear and
31 tear. A landlord may not require a damage deposit for a service
32 animal.

33 The bill provides that, unless required by federal law, a
34 landlord is not required to allow a tenant to keep an emotional
35 support animal or therapy animal that is not a dog as a housing

1 accommodation.

2 Current law provides that a person who intentionally
3 misrepresents an animal as a service animal or a
4 service-animal-in-training for the purpose of obtaining rights
5 or privileges under state or federal law is guilty of a
6 simple misdemeanor. The bill creates a new criminal offense,
7 punishable as a simple misdemeanor, when a person intentionally
8 misrepresents an animal as an assistance animal, therapy animal,
9 or emotional support animal for the purpose of obtaining rights
10 or privileges under state or federal law.

11 The bill takes effect July 1, 2027.

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