

Senate File 29 - Introduced

SENATE FILE 29
BY McCLINTOCK

A BILL FOR

1 An Act relating to property tax exemptions by changing the
2 homestead tax exemption to a credit for owners attaining
3 sixty-five years of age and increasing the military service
4 tax exemption, and including effective date and retroactive
5 applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

HOMESTEAD TAX CREDIT FOR ELDERLY OWNERS

Section 1. Section 425.1A, subsection 1, paragraph b, Code 2025, is amended to read as follows:

b. For the assessment year beginning January 1, 2024, ~~and each succeeding assessment year,~~ the eligible homestead, not to exceed six thousand five hundred dollars in taxable value.

Sec. 2. Section 425.17, subsection 2, paragraph a, subparagraphs (1) and (3), Code 2025, are amended to read as follows:

(1) A person filing a claim for credit under this subchapter ~~who has attained the age of sixty-five years but who has not attained the age of seventy years on or before December 31 of the base year,~~ a person filing a claim for credit or reimbursement under this subchapter who is totally disabled and was totally disabled on or before December 31 of the base year, or a person filing a claim for reimbursement under this subchapter who has attained the age of sixty-five years on or before December 31 of the base year and who is domiciled in this state at the time the claim is filed or at the time of the person's death in the case of a claim filed by the executor or administrator of the claimant's estate.

(3) A person filing a claim for credit under this subchapter who has attained the age of ~~seventy~~ sixty-five years on or before December 31 of the base year, ~~who has a household income of less than two hundred fifty percent of the federal poverty level, as defined by the most recently revised poverty income guidelines published by the United States department of health and human services,~~ and is domiciled in this state at the time the claim is filed or at the time of the person's death in the case of a claim filed by the executor or administrator of the claimant's estate.

Sec. 3. Section 425.23, subsection 1, paragraph c, subparagraph (2), Code 2025, is amended to read as follows:

(2) The If the claimant has attained the age of seventy years on or before December 31 of the base year, has a household income

1 of less than two hundred fifty percent of the federal poverty
2 level, as defined by the most recently revised poverty income
3 guidelines published by the United States department of health
4 and human services, and is domiciled in this state at the time
5 the claim is filed or at the time of the person's death in
6 the case of a claim filed by the executor or administrator of
7 the claimant's estate, the difference between the actual amount
8 of property taxes due on the homestead during the fiscal year
9 next following the base year minus the actual amount of property
10 taxes due on the homestead during the first fiscal year for
11 which the claimant filed a claim for a credit calculated under
12 this paragraph "c" and for which the property taxes due on the
13 homestead were calculated on an assessed valuation that was not a
14 partial assessment and if the claimant has filed for the credit
15 calculated under this paragraph "c" for each of the subsequent
16 fiscal years after the first credit claimed.

17 Sec. 4. Section 425.23, subsection 1, paragraph c, Code 2025,
18 is amended by adding the following new subparagraph:

19 NEW SUBPARAGRAPH. (3) Six thousand five hundred dollars.

20 Sec. 5. EFFECTIVE DATE. This division of this Act, being
21 deemed of immediate importance, takes effect upon enactment.

22 Sec. 6. RETROACTIVE APPLICABILITY. This division of this Act
23 applies retroactively to assessment years beginning on or after
24 January 1, 2025.

25 DIVISION II

26 MILITARY SERVICE TAX EXEMPTION

27 Sec. 7. Section 426A.11, subsection 2, paragraph b, Code
28 2025, is amended to read as follows:

29 b. The property, not to exceed four thousand dollars in
30 taxable value for the assessment years beginning on or after
31 January 1, 2023, but before January 1, 2025, of an honorably
32 separated, retired, furloughed to a reserve, placed on inactive
33 status, or discharged veteran, as defined in section 35.1,
34 subsection 2, paragraph "a" or "b".

35 Sec. 8. Section 426A.11, subsection 2, Code 2025, is amended

1 by adding the following new paragraph:

2 NEW PARAGRAPH. c. For assessment years beginning on or after
3 January 1, 2025, the property of an honorably separated, retired,
4 furloughed to a reserve, placed on inactive status, or discharged
5 veteran, as defined in section 35.1, subsection 2, paragraph
6 "a" or "b", equal to the lesser of the actual value of the
7 property and an amount equal to four thousand dollars divided
8 by the quotient of the property's consolidated levy rate per one
9 thousand dollars divided by one thousand dollars.

10 Sec. 9. IMPLEMENTATION. Section 25B.7 does not apply to the
11 exemption in this division of this Act.

12 Sec. 10. EFFECTIVE DATE. This division of this Act, being
13 deemed of immediate importance, takes effect upon enactment.

14 Sec. 11. RETROACTIVE APPLICABILITY. This division of this
15 Act applies retroactively to assessment years beginning on or
16 after January 1, 2025.

17 **EXPLANATION**

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

20 This bill relates to property tax exemptions by changing the
21 homestead tax exemption for certain elderly persons to a credit
22 for owners attaining 65 years of age and increasing the military
23 service tax exemption.

24 DIVISION I — HOMESTEAD TAX CREDIT FOR ELDERLY OWNERS. Under
25 Code section 425.1A, the homestead tax exemption for owners
26 attaining 65 years of age shall not exceed \$6,500 of taxable
27 value. Owners attaining the age of 65 and 70 years of age,
28 respectively, are also eligible for an additional credit if
29 the owner meets certain income requirements under Code section
30 423.23.

31 The bill changes the homestead tax exemption for owners
32 attaining the age of 65 years from a \$6,500 exemption to a credit
33 of at least \$6,500 on the actual taxes payable on an eligible
34 homestead.

35 The bill makes conforming changes to the additional credit in

1 Code chapter 425, subchapter II.

2 The division takes effect upon enactment and applies
3 retroactively to assessment years beginning on or after January
4 1, 2025.

5 DIVISION II — MILITARY SERVICE TAX EXEMPTION. Under current
6 law, all honorably discharged veterans are entitled to a property
7 tax exemption of \$4,000 in taxable value. The bill increases
8 the property tax exemption amount to an amount that is equal to
9 the lesser of the actual value of the property and an exemption
10 amount that is equivalent to a \$4,000 credit on the actual taxes
11 payable on a property owned by an eligible veteran.

12 Code section 25B.7 does not apply to the division, and as a
13 result, a political subdivision is required to extend the credit
14 to eligible veterans.

15 The division takes effect upon enactment and applies
16 retroactively to assessment years beginning on or after January
17 1, 2025.