

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:

DIVISION I

HOMESTEAD TAX CREDIT FOR ELDERLY OWNERS

1
2
3 Section 1. Section 425.1A, subsection 1, paragraph b, Code
4 2025, is amended to read as follows:

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

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

11 (1) A person filing a claim for credit under ~~this subchapter~~
12 ~~who has attained the age of sixty-five years but who has~~
13 ~~not attained the age of seventy years on or before December~~
14 ~~31 of the base year, a person filing a claim for credit or~~
15 ~~reimbursement under this subchapter~~ who is totally disabled
16 and was totally disabled on or before December 31 of the base
17 year, or a person filing a claim for reimbursement under this
18 subchapter who has attained the age of sixty-five years on or
19 before December 31 of the base year and who is domiciled in
20 this state at the time the claim is filed or at the time of the
21 person's death in the case of a claim filed by the executor or
22 administrator of the claimant's estate.

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

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

35 (2) The ~~The~~ If the claimant has attained the age of seventy

1 years on or before December 31 of the base year, has a
2 household income of less than two hundred fifty percent of the
3 federal poverty level, as defined by the most recently revised
4 poverty income guidelines published by the United States
5 department of health and human services, and is domiciled in
6 this state at the time the claim is filed or at the time of the
7 person's death in the case of a claim filed by the executor or
8 administrator of the claimant's estate, the difference between
9 the actual amount of property taxes due on the homestead during
10 the fiscal year next following the base year minus the actual
11 amount of property taxes due on the homestead during the first
12 fiscal year for which the claimant filed a claim for a credit
13 calculated under this paragraph "c" and for which the property
14 taxes due on the homestead were calculated on an assessed
15 valuation that was not a partial assessment and if the claimant
16 has filed for the credit calculated under this paragraph "c"
17 for each of the subsequent fiscal years after the first credit
18 claimed.

19 Sec. 4. Section 425.23, subsection 1, paragraph c, Code
20 2025, is amended by adding the following new subparagraph:

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

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

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

27 DIVISION II

28 MILITARY SERVICE TAX EXEMPTION

29 Sec. 7. Section 426A.11, subsection 2, paragraph b, Code
30 2025, is amended to read as follows:

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

1 subsection 2, paragraph "a" or "b".

2 Sec. 8. Section 426A.11, subsection 2, Code 2025, is amended
3 by adding the following new paragraph:

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

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

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

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

19 EXPLANATION

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

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

26 DIVISION I — HOMESTEAD TAX CREDIT FOR ELDERLY OWNERS. Under
27 Code section 425.1A, the homestead tax exemption for owners
28 attaining 65 years of age shall not exceed \$6,500 of taxable
29 value. Owners attaining the age of 65 and 70 years of age,
30 respectively, are also eligible for an additional credit if
31 the owner meets certain income requirements under Code section
32 423.23.

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

1 eligible homestead.

2 The bill makes conforming changes to the additional credit
3 in Code chapter 425, subchapter II.

4 The division takes effect upon enactment and applies
5 retroactively to assessment years beginning on or after January
6 1, 2025.

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

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

18 The division takes effect upon enactment and applies
19 retroactively to assessment years beginning on or after January
20 1, 2025.