



Property Tax Credits & Exemptions

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Outline of Remarks

- Homestead property tax credit (Iowa Code 425)
- Elderly and disabled property tax credit (Iowa Code 425)
- Military service property tax exemption (Iowa Code 426A)
- Agricultural land property tax credit (Iowa Code 426)
- Business property tax credit (Iowa Code 426C)
- Commercial and industrial property tax credit replacement claims (Iowa Code 441.21A)



Homestead Property & Disabled Veterans Homestead Tax Credit

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Homestead Property Tax Credit

- Enacted in 1937
- A tax credit against the property tax levied on an eligible primary homestead of an Iowa resident
- Must own & occupy homestead on July 1 each year
- Must own the property and occupy at least six months a year
 - Military persons exemption
 - Persons in hospital, nursing or extended care facilities if property is not rented exemption
- Only one homestead allowed



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Homestead Property Tax Credit

- Standing unlimited appropriation
- Current funding at 100% level
- Credits equal to \$4,850 credit per homeowner

Fiscal Year	State Funding (\$Millions)	Funding Level
2017	\$135.1	100.0%
2018	\$129.4	100.0%
2019	\$129.0	100.0%
2020	\$127.7	100.0%
2021	\$127.4	100.0%

Source: Iowa Department of Revenue

Disabled Veteran Homestead Property Tax Credit

- Enacted in 1990
- A tax credit against the 100% of property tax levied on an eligible primary homestead of an Iowa resident who is also a disabled veteran that also meets all regular homestead property tax credit eligibility
- Maximum ½ acre urban or 40 acres rural
- Extended to a surviving spouse or dependent child if the veteran received a dependency indemnity compensation for the child
- Must own & occupy homestead on July 1 each year
- One homestead credit per qualifying veteran

Disabled Veteran Homestead Property Tax Credit

- Standing unlimited appropriation
- Current funding at 100% level

Fiscal Year	State Funding (\$Millions)	Funding Level	Claimants
2017	\$5.8	100.0%	2,261
2018	\$7.9	100.0%	2,982
2019	\$10.0	100.0%	3,646
2020	\$12.9	100.0%	4,296
2021	\$15.3	100.0%	5,250

Source: Iowa Department of Revenue



Elderly and Disabled Tax Credit and Rent Reimbursement

Elderly and Disabled Property Tax Credit/Rent Reimbursement

- Enacted in 1983
- A tax credit against the property tax levied on an eligible primary homestead of an Iowa resident who is an eligible low-income elderly homeowner or a homeowner with disabilities
- 2021 household income rate schedule: 1 person household = \$32,200, 2 person household = \$43,550, etc.
- \$1000 maximum credit or reimbursement for any household
- Annual application required

Elderly and Disabled Property Tax Credit

- Standing unlimited appropriation
- Current funding at 100% level

Fiscal Year	State Funding (\$Millions)	Funding Level
2017	\$4.8	100.0%
2018	\$4.8	100.0%
2019	\$4.7	100.0%
2020	\$4.5	100.0%
2021	\$4.3	100.0%

Source: Iowa Department of Revenue

Elderly and Disabled Rent Reimbursement

- Standing unlimited appropriation
- Current funding at 100% level

Fiscal Year	State Funding (\$Millions)	Funding Level	Claimants
2017	\$19.9	100.0%	26,919
2018	\$18.8	100.0%	23,866
2019	\$16.8	100.0%	22,790
2020	\$15.5	100.0%	21,311
2021	\$13.4	100.0%	19,035

Source: Iowa Department of Revenue

Military Service Property Tax Exemption

Military Service Property Tax Exemption

- Enacted in 1987
- A tax exemption to provide property tax relief to those with military service according to the era of one's service
 - WW I: \$2,778 of assessed value is exempt
 - Other wars: \$1,852 of assessed value is exempt
- Exemption extends to surviving spouses
- Declining population due to aging

Military Service Property Tax Exemption

- Standing limited appropriation
- Current funding at 100% level

Fiscal Year	State Funding (\$Millions)	Funding Level
2017	\$2.0	100.0%
2018	\$2.0	100.0%
2019	\$1.8	100.0%
2020	\$1.8	100.0%
2021	\$1.7	100.0%

Source: Iowa Department of Revenue



Agricultural Land and Family Farm Property Tax Credit

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Agricultural Land Property Tax Credit

- Enacted in 1939
- A tax credit to offset school taxes on agricultural land when the levy rates exceed the school district uniform levy rate
- Eligible property includes all land used for agricultural or horticultural purposes in tracts of 10 acres or more and land less than 10 acres if contiguous to qualifying land of 10 acres or more
- No application needed



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Agricultural Land Property Tax Credit

- Standing limited appropriation
- Current funding approximately 20%

Fiscal Year	Requested Funding (\$Millions)	State Funding (\$Millions)	Funding Level
2017	\$140.5	\$29.0	20.7%
2018	\$144.8	\$29.1	20.1%
2019	\$147.2	\$29.1	19.8%
2020	\$148.5	\$29.9	20.1%
2021	\$143.9	\$29.1	20.2%

Source: Iowa Department of Revenue

Family Farm Property Tax Credit


- Enacted in 1990
- Same purpose as the agricultural land credit **but** only extends to owners who actively farm land owned
- Property owners can qualify for and use both credits under this appropriation
- One-time application needed

Family Farm Property Tax Credit

- Standing limited appropriation
- Current funding approximately 14%

Fiscal Year	Requested Funding (\$Millions)	State Funding (\$Millions)	Funding Level
2017	\$68.7	\$10.0	14.6%
2018	\$71.6	\$10.0	14.0%
2019	\$72.7	\$10.0	13.8%
2020	\$73.1	\$10.0	13.7%
2021	\$70.5	\$10.0	14.2%

Source: Iowa Department of Revenue


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Business Property Tax Credit

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Business Property Tax Credit

- Enacted in 2013
- Available for commercial, industrial, or railroad property
 - One or more contiguous parcels in same county
 - Same property class with common use and purpose
 - Same ownership
- Application required
- Credit continues until ownership changes
- Job creation impact

Business Property Tax Credit

- Standing limited appropriation
- Funding phased in over first three years
- Claim funding capped at 2017 level of \$125 million

Fiscal Year	State Funding (\$Millions)	Maximum AV	Maximum Credit	Total Units Receiving Credits	Units w/ AV Less Than Max
2017	\$125.0	\$255,857	\$4,625	\$76,481	70.4%
2018	\$125.5	\$241,690	\$4,541	\$78,409	68.0%
2019	\$124.7	\$251,788	\$4,501	\$78,719	68.0%
2020	\$124.7	\$219,886	\$4,035	\$79,414	64.0%
2021	\$124.8	\$234,663	\$4,051	\$79,822	65.0%

Source: Iowa Department of Revenue



Commercial and Industrial Property Replacement Tax Claims

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Commercial and Industrial Property Replacement Tax Claims

- Enacted in 2013
- Part of the state's buy-in for the property tax reductions
- Based on the difference between the assessed valuation of all commercial and industrial property used to calculate taxes and the actual value of all commercial and industrial property subject to assessment and taxation. If the difference is zero, there is no tax replacement.
- Roll back phased-in through the years

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Commercial and Industrial Property Replacement Tax Claims

- Standing limited appropriation
- 2021 legislative change started phase-out based on corresponding tax base growth rates

Fiscal Year	State Funding (\$Millions)	Funding Level
2017	\$152.1	97.0%
2018	\$152.1	90.3%
2019	\$152.1	87.2%
2020	\$152.0	81.1%
2021	\$152.1	80.0%

Source: Iowa Department of Revenue

Questions?

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Thank you!