



Iowa Department of Revenue

Director: Mark R. Schuling
Hoover State Office Building
Des Moines, Iowa 50319
phone (515) 281-3204

December 1, 2006

The Honorable Thomas J. Vilsack
Governor
State Capitol Building
Des Moines, Iowa 50319

The Honorable Members
Iowa General Assembly
Statehouse
Des Moines, Iowa 50319

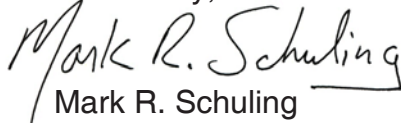
Dear Governor Vilsack
and Members of the Iowa General Assembly:

On behalf of the staff of the Iowa Department of Revenue, I am pleased to submit our Fiscal Year 2006 Annual Report. The mission of our Department is "To serve Iowans and to support government services in Iowa by collecting all taxes required by law, but no more." This is accomplished by providing taxpayers with current and complete information, and up-to-date technology to support tax filings and payments. This report provides information about some of the ways in which that mission was accomplished during the past fiscal year.

We recognize our responsibilities to the taxpayers, and service is a priority. We are pleased to offer our professional services through the Internet and will continue to make progress and improve on those services.

Our actions will comply with the statutory provisions of the State of Iowa, and our duties under those statutes will be carried out in a fiscally responsible manner. Thank you for this opportunity to serve you and our State.

Yours truly,


Mark R. Schuling
Director

FISCAL YEAR 2006

IOWA DEPARTMENT OF REVENUE

IOWA DEPARTMENT OF REVENUE

To be recognized as a Department employing a well-trained work force that in a fair and respectful manner provides responsive and accurate services that enable all customers to comply with Iowa's tax law.

To serve Iowans and to support government services in Iowa by collecting all taxes required by law, but no more.

- We will create an environment of collaboration and partnership in order to improve voluntary compliance with Iowa's tax system.
- We will safeguard our customers' confidential information.
- We will provide a consistent, fair and professional program of collection services.
- We will improve our methods of processing tax returns and payments and managing tax revenues so that these transactions will be timely, accurate and cost effective.
- We will support Department operations by responsibly managing our finances to provide an environment that nurtures our human resources, enhances technology platforms and continues a strong program of performance measurement and evaluation.
- We will provide education and supervision so that property assessment will be uniform, fair and equitable, and we will assist local governments by efficiently administering the local option tax programs.
- We will provide expert advice and support to policy-makers and to local and state government entities to promote economic growth in the state and accountability in the administration of the state tax system.

Compliance Division Wendell Dickey, Interim
Internal Services Division Cynthia Morton
Property Tax Division Dick Stradley
Revenue Operations Division Stuart Vos
Taxpayer Services and Policy Division David Casey, Interim
Technology and Information Management Division Richard Jacobs

Our Vision

Our Mission

Our Goals

**Division
Administrators**

TABLE OF CONTENTS

FISCAL YEAR 2006

Major Accomplishments	1-3
Gross Tax Collections and Refunds	4
Revenue Sources	5-6
Gross Collections by Tax Type 5-year Comparison	7-8
Property Taxes	9
Supplemental Reports	10-12
Learn More About Us	13

Individual Income Tax, Corporation Income Tax
Partnership Income Tax, Franchise Income Tax
Sales Tax, Retailer's Use Tax
Consumer's Use Tax, Local Option Taxes
Hotel / Motel Tax, Car Rental Tax
Withholding Tax, Motor Fuel Tax
Cigarette / Tobacco Tax, Inheritance & Estate Taxes
Fiduciary Tax, Property Tax
Motor Vehicle Use Tax, Drug Stamp Tax
Real Estate Transfer Tax, Moneys & Credits Tax

**Taxes
Established
by Iowa Code**

MAJOR ACCOMPLISHMENTS

FISCAL YEAR 2006

1

Electronic Filing of Business Taxes

Withholding: 98% of all returns were e-filed through eFile & Pay

Paper: 6,671

E-filed: 322,744

Sales/Use: 93% of all returns were e-filed through eFile & Pay

Paper: 27,292

E-filed: 369,165

LPG: 99% of all returns were e-filed through eFile & Pay

120 filers

Motor Fuel: 99% of all returns were e-filed through eFile & Pay

270 filers

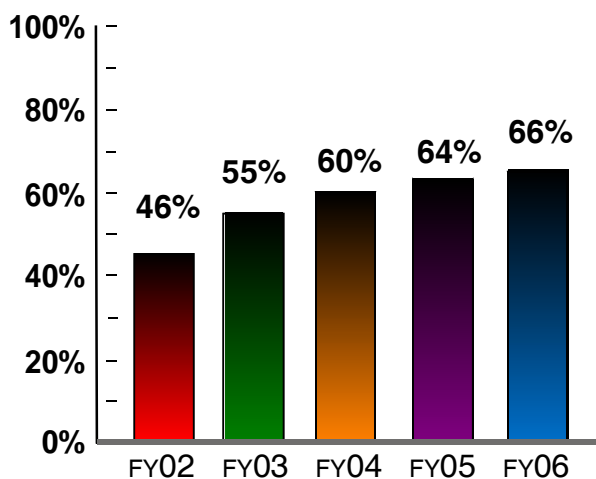
Iowa has more than 120,000 businesses collecting sales tax and more than 83,000 employers withholding income tax.

Electronic Filing of Individual Income Tax

For tax year 2005, 66 percent of individual income tax returns were filed electronically. Ninety-six percent of e-filers had their refunds in 14 days. Eighty-six percent of refunds from paper-filed returns were issued in 60 days.

The Department processes more than 1.4 million individual income tax returns. Almost 63% are refund returns.

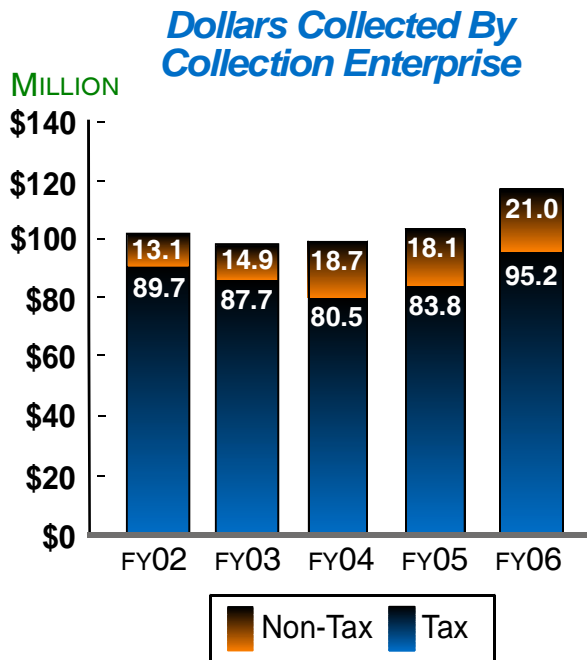
Iowans Choose to eFile Individual Income Tax Returns



MAJOR ACCOMPLISHMENTS

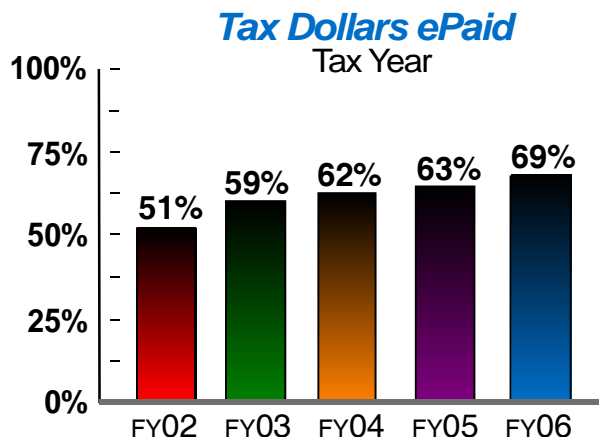
Collections

- Began collecting Department of Natural Resources debt.
- Special Events Vendors: Encouraged permanent tax permits; 37% attending more than three events obtained permanent permits. Increased collections by mail instead of onsite visits.
- Motor Vehicle Use Tax: Improved exemption certificate review by going from a bulky mail process to a sleek computerized process.
- Technology Improvements: More sophisticated auto dialer techniques using virtual agent technology and credit bureau scoring is now used for calling campaigns. Federal data is used to obtain asset information for increased collections.



Electronic Payments

The Department received 69% of all deposits electronically.



Child support, college loan, and court debt are also collected by the Department.

Electronic payment options include direct debit (ePay through eFile & Pay), ACH credit, and credit card. Sixty-eight percent of withholding and 50% of sales and use payments were received through ePay.

MAJOR ACCOMPLISHMENTS

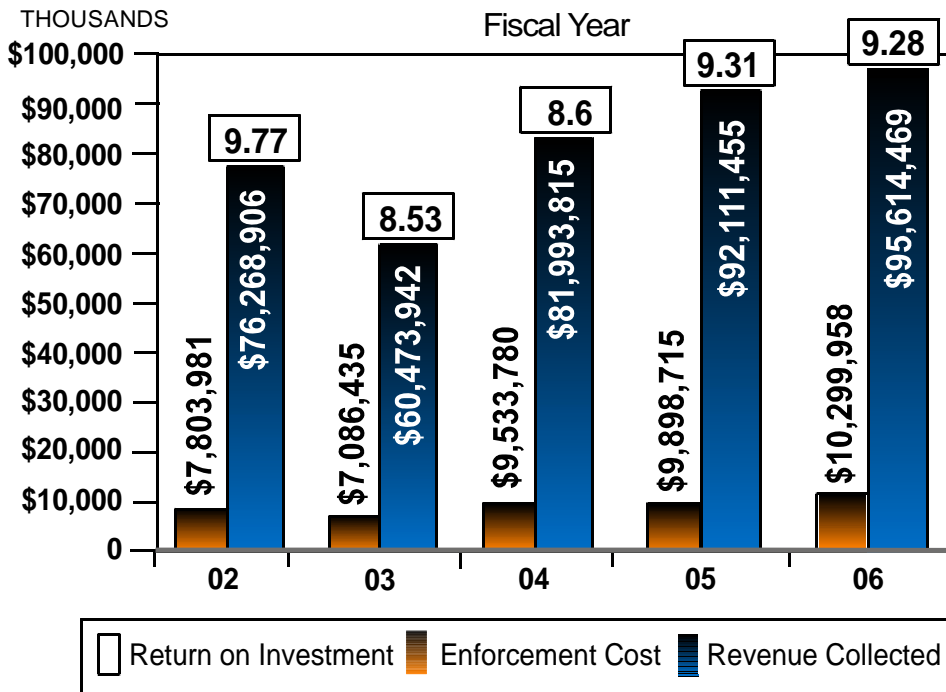
FISCAL YEAR 2006

Return on Investment

Every \$1 invested in audit activities generated \$9 in taxes collected. An investment of \$9.89 million in audit activities produced more than \$92 million for the General Fund to finance services to lowans.

Revenue collected continues to increase as additional tools are developed to aid compliance activities.

Return on Investment Dollars Spent on Enforcement Versus Dollars Collected

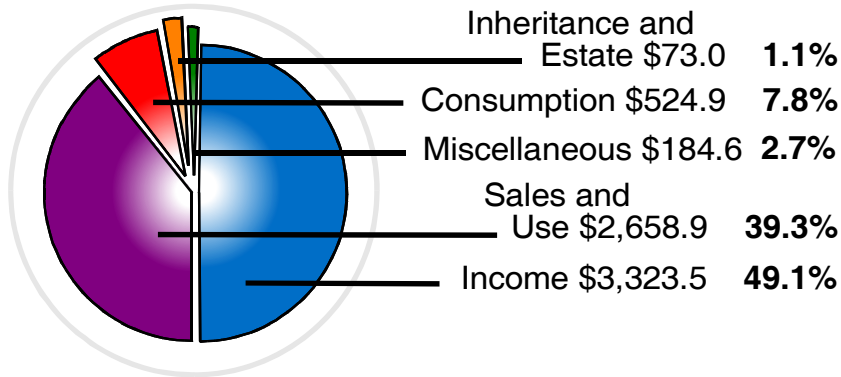


GROSS TAX COLLECTIONS AND REFUNDS

FISCAL YEAR 2006

Gross Tax Collections - \$6,764.9

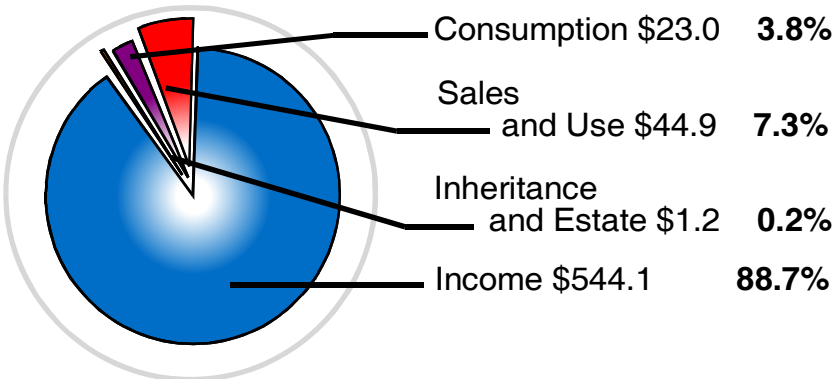
MILLION



Electronic payment options speed up the deposit of revenues, improving the State's cash flow.

Tax Refunds - \$613.2

MILLION

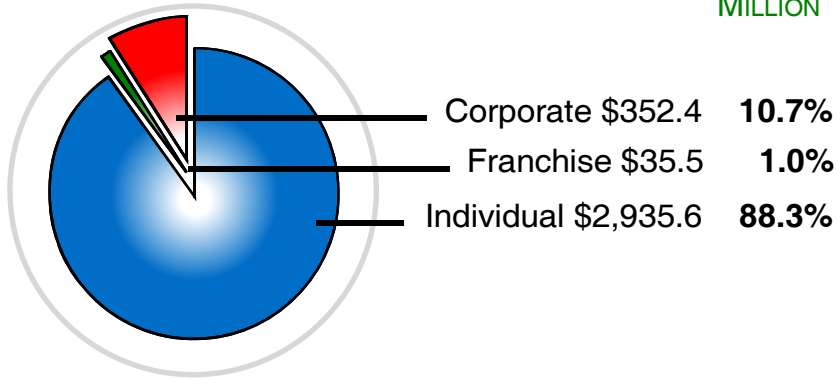


Individuals and businesses may obtain refunds of tax they paid in error.

REVENUE SOURCES

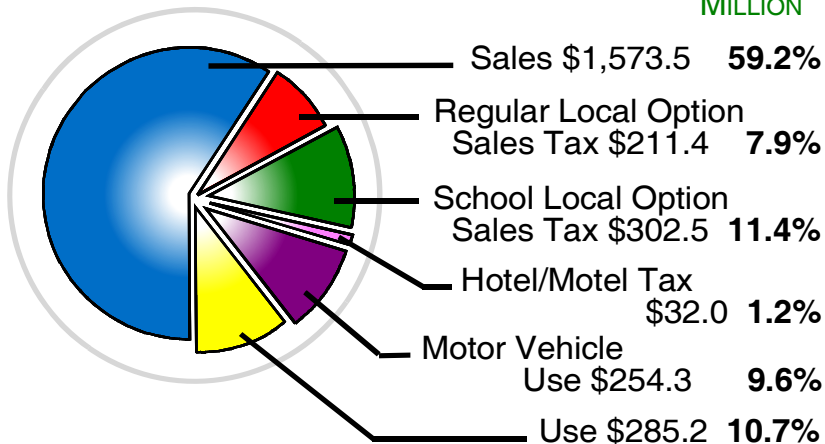
FISCAL YEAR 2006

Income Taxes - \$3,323.5 MILLION



School district surtax is collected with individual income tax returns. For tax year 2006, \$75.7 million was distributed to 290 of Iowa's 365 school districts. The surtax is used for educational improvement programs.

Sales/Use Taxes - \$2,658.9 MILLION



Sixty of Iowa's 99 counties had a total sales tax rate of 7%. Eleven counties were at 6%; 27 had varying rates, and one was at 5%.

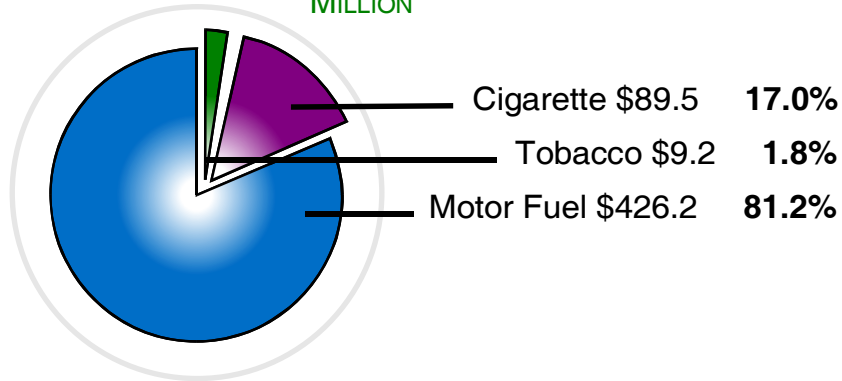
In a typical year, Iowans register about 800,000 vehicles and pay the motor vehicle use tax.

REVENUE SOURCES

FISCAL YEAR 2006

Consumption - \$524.9

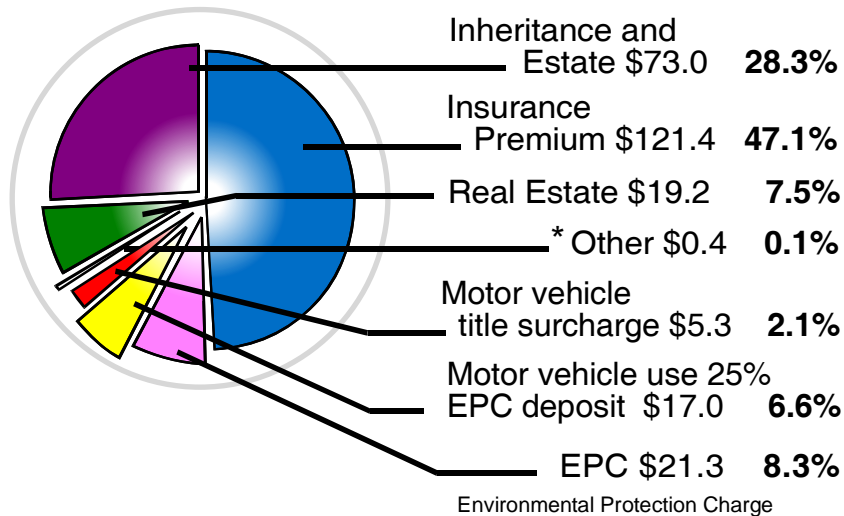
MILLION



Cigarettes are taxed at 36 cents for a pack of 20 and 45 cents for 25. Other tobacco products are taxed at a rate of 22 percent of the wholesale price.

Other - \$257.6

MILLION

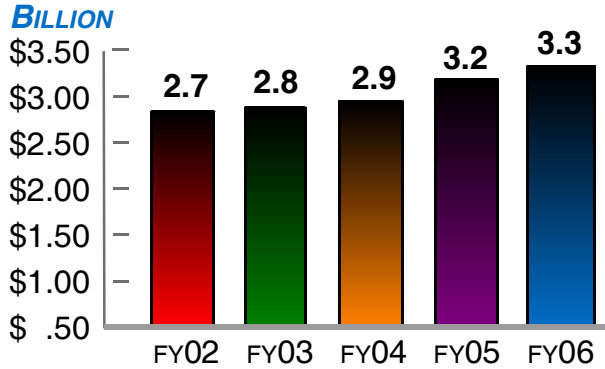


* Hazardous materials permit fee, Reimbursements, Miscellaneous

The insurance premium tax is administered by the Iowa Department of Commerce. The Iowa Department of Revenue serves as a depository. The tax is imposed on the premiums of every insurance company except fraternal beneficiary associations.

GROSS COLLECTIONS BY TAX TYPE 5-YEAR COMPARISON

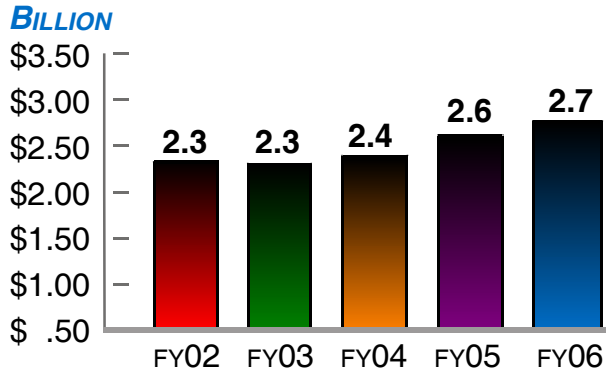
Income



FISCAL YEAR 2006

Income taxes include individual, corporation and franchise.

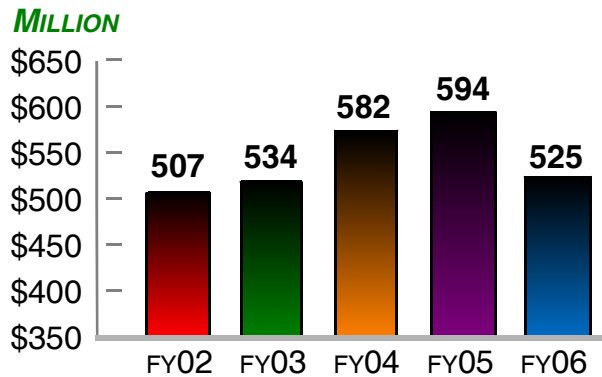
Sales/Use



Sales, use and motor vehicle use taxes are represented. The state rate for each of these is 5 percent.

7

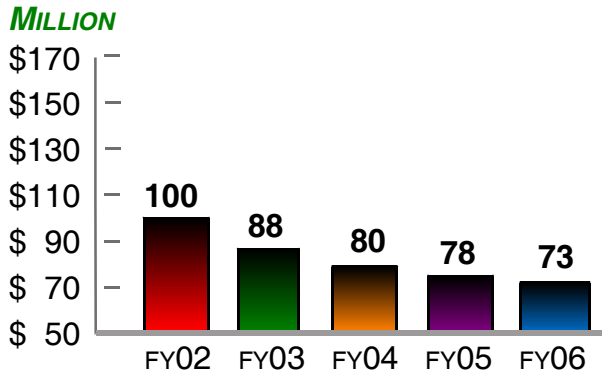
Consumption



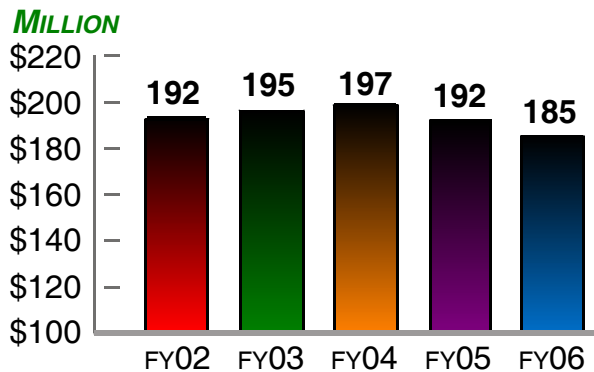
“Consumption” taxes are cigarette, tobacco, and motor fuel taxes.

GROSS COLLECTIONS BY TAX TYPE 5-YEAR COMPARISON

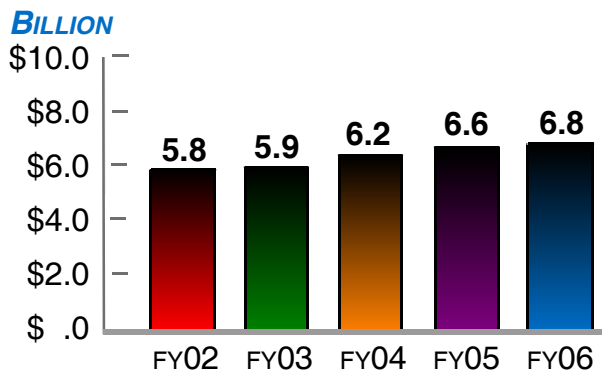
Inheritance and Estate



Miscellaneous



All Tax Types



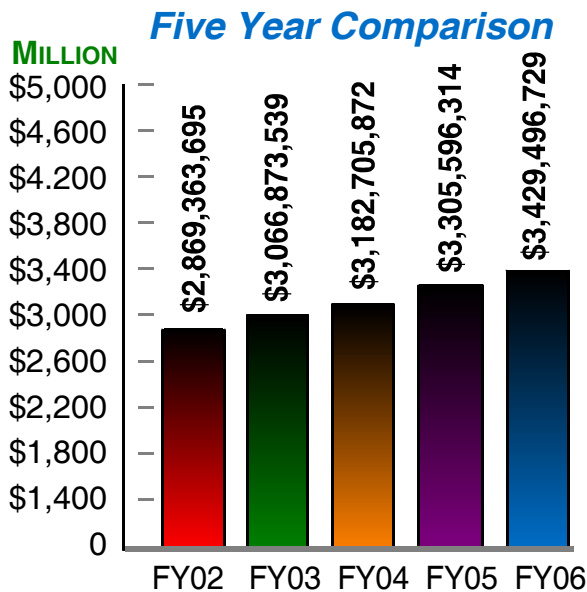
In 1997, Iowa law eliminated inheritance tax on lineal ascendants and descendants, including step-children. For deaths after January 1, 2005, Federal law changed the state death tax credit to a deduction, thus eliminating Iowa estate tax.

Miscellaneous Taxes include:

- Environmental Protection Charge
- Motor Vehicle Use 25% EPC Deposit
- Real Estate Transfer Tax
- Hazardous Materials Permit Fees
- Insurance Premium Tax
- Reimbursements
- Motor Vehicle Title Surcharge
- Other

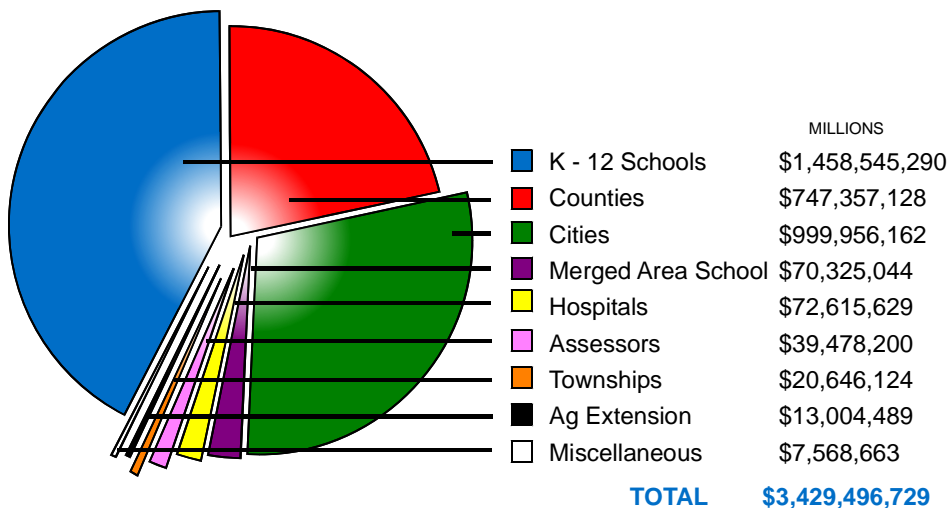
PROPERTY TAX

FISCAL YEAR 2006



Property Tax Levied By Type of Taxing Authority

TOTAL \$3,429,496,729



The Department assists local governments in making property tax assessments fair and in compliance with the law. It also assesses all railroads, utilities and pipelines in the state, administers certification exams for assessors and deputy assessors, and issues equalization orders every two years.

Tax Gap Program

The Tax Gap Program is a Department initiative to improve tax compliance through advanced utilization of technology. Tax Gap consists of four major components: Enterprise Data Warehouse (EDW), Business Intelligence, Web-based Audit Component application, and a number of automated interface programs.

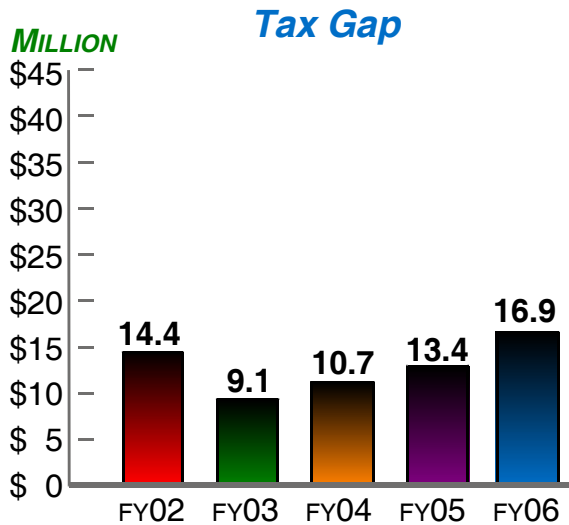
During FY06, three additional internal and external source system data files were loaded to the EDW to support and enhance match programs and the business user with needed information to improve compliance processes.

Heightened usability of Business Object reports occurred by promoting these reports to all field auditors and by utilization of these reports by the Department's Collections Section. More than 190 Department employees are now utilizing 117 available reports.

In FY06, enhanced functionality of the Web-based Audit Component was completed to support additional tax types and interface programs to further automate audit activities and the movement of audit results. Better audit coverage has been provided through the enhancements made to the system, resulting in an average of 33 percent more returns being reviewed by Compliance Division staff.

The Tax Gap Program successfully recognized \$16.9 million during FY06, which is a 24 percent increase from FY05. Total Tax Gap program revenues since its initiation in 2000 are \$70.0 million.

Tax Gap began in 1999 when the Department partnered with an outside vendor to provide data warehousing technology.



Cutting-edge data warehouse technology permitted 33 percent more returns to be reviewed by Compliance Division staff.

Compliance Report

Fiscal Year 2006 was a successful year in that most of the goals established for the year were met. While compliance is not always measured in terms of dollars collected, projections for FY06 exceeded \$95.7 million dollars for revenue collections and refund reductions made through audits of selected refund claims. This broke down as follows:

- \$41.2 million from office exams
- \$5.1 million from in-state field audit
- \$4.0 million from out-of-state field audit
- \$16.9 million from Tax Gap
- \$28.5 million from refund claim reductions

This was a 4 percent increase over FY05 enforcement totals.

As a Charter Agency, the Department produced more than \$3.2 million in revenue collected or reduced interest paid out through expediting refunds. The Department was provided with funding to hire additional staff, which resulted in a \$3.2 million increase to the General Fund.

While much emphasis is given to enforcement collections, the department's primary focus and best way to secure compliance is through taxpayer service and education programs. The Department continues to provide more electronic filing options for Iowa taxpayers and more self-help and 24/7 service to the general public. By providing more self-help options, the number of calls handled directly by our Taxpayer Service Specialists dropped from 108,000 in FY05 to 99,000 in FY06. The number of e-mail inquires and responses did rise from 24,500 in FY05 to 29,300 in FY06.

Most taxpayers file and pay their taxes voluntarily. Non-compliant taxpayers are pursued through a variety of audit programs.

Auditors are located in Iowa, Illinois, Washington, Kansas and Pennsylvania.

SUPPLEMENTAL REPORTS

FISCAL YEAR 2006

Report on Information System Activity Integrated Revenue Information System (IRIS)

Streamlined Sales Tax Project

Applications that permit the receipt and processing of sales tax transactions and payments from retailers participating under the Streamlined Sales Tax Project were developed. New processes allow the secure receipt of tax transactions from various types of filers over the Internet. These services were designed in such a way as to assist the Department in implementing additional e-filing solutions.

Business Tax eFile & Pay

Enhancements to IRIS were made, which expanded services offered through the eFile & Pay application. Electronic filing of motor fuel tax returns and schedules and filing of sales tax consolidated return data are now allowed. Additional maintenance on IRIS expanded interfaces between eFile & Pay and applications that support functional areas such as tax compliance, collections and fiscal analysis.

Currently, more than 95 percent of sales and withholding tax quarterly tax returns are filed electronically. eFile & Pay supports the electronic payment of taxes, and, in fiscal year 2006, more than 82 percent of sales and withholding taxes were remitted electronically. Efforts continue to increase acceptance of the program and to ensure that customer satisfaction remains strong.

Individual Income Tax Returns

Once again, Iowans have accepted the use of electronic filing of income tax returns in record numbers, with nearly 925,000 returns filed electronically in 2006. This represents almost two-thirds of all income tax returns filed. Because of the high degree of accuracy of electronically-filed returns and the efficiency of tax return processing through IRIS, the Department achieved its goal of processing more than 95 percent of electronic refund requests within 14 days of receipt for the fifth consecutive year.

Individual Income Tax Abatements - Calendar 2005

The director of the Department of Revenue is provided with the statutory authority "to abate any portion of tax, interest or penalties which he determines are excessive in amount, or erroneously or illegally assessed." Abatements apply to those cases in which the initial protest occurs after the 60-day appeal period has expired and in which the taxpayer produces records substantiating the claim to reduced tax liability.

The table below summarizes the individual income tax abatements allowed in calendar 2005:

Number of Returns	Tax	Penalty (includes fees)	Interest	Total Amounts
2,629	\$7,822,859	\$908,944	\$2,591,747	\$11,323,550

Extending the availability of electronic services continues to be an area of emphasis. The Department received more than 2 million transactions and payments via its electronic services.

LEARN MORE ABOUT US

FISCAL YEAR 2006

13

Results Iowa

To learn about the department's goals, strategic and performance plans, and the strategies we use to achieve results, please see our page on the Results Iowa Web site at <http://www.resultsiowa.org/revenue.html>

Online Services, Tax Forms and Publications

www.state.ia.us/tax

Assistance from a tax specialist:

E-mail: idr@iowa.gov

Telephone: 515/281-3114 or 1-800-367-3388

TDD for hearing impaired: 515/242-5942

Mail: **Taxpayer Services**

Iowa Department of Revenue

PO Box 10457

Des Moines, Iowa 50306-0457



Iowa Department of Revenue

Director: Mark R. Schuling
Hoover State Office Building
Des Moines, Iowa 50319
www.state.ia.us/tax

Iowa Department of Revenue

Fiscal Year 2008 Budget Offers

Achieving Compliance with Iowa's Tax Laws

Compliance efforts include policy formation, education and enforcement. This offer will provide a full compliment of compliance efforts that will return to the general fund \$9.00 for every \$1 invested.

Processing \$7 billion of Tax Receipts to Fund State Government Services

The Revenue Operations Division processes tax returns and payments. These services are essential to the prompt deposit of tax revenues, issuance of refunds, resolution of taxpayer questions and adjustments and to disbursement of funds to other entities within state and local government. This offer provides for efficient handling of 2.8 million tax returns and deposit of \$7 billion of tax receipts.

Property Tax Administration

Through this offer, the Department proposes to provide Property Tax Administration services by conducting a biannual equalization, providing training and continuing education programs to local communities and performances of the assessment of utility and railroad companies for property taxation.

Tax Research and Program Analysis

The Tax Research and Program Analysis Section provides reports on analysis of tax receipts and refunds, briefing papers and presentation for the Revenue Estimating Conference, estimates of tax collections and analysis of proposed legislation. Managing government requires timely and accurate information on tax revenues and refunds. This offer provides that capability.

Internal Services

Within most organizations a core group exists that serves to provide internal support services that logically are more efficient to deliver on a centralized basis. This offer contains the centralized services the Department needs to achieve its mission including the Office of the Director, Internal Audit, Technology Management, Budget and Accounting and Human Resources.

Motor Vehicle Fuel

An appropriation is made to the Department of Revenue from the Motor Vehicle Tax revenue for the purpose of administering the motor vehicle tax laws in the State. This appropriation supports the administrative work done by the Department to collect, audit and enforce the Motor Vehicle Tax laws in the State.

NOTE: All of the above offers maintain current levels of funding.

Establishment of the Property Assessment Appeal Board

A statewide Property Assessment appeal board has been established within the Department pursuant to Chapter 150, Section 121 of the 81st General Assembly, 2005 Session. The board shall hear protests of decisions reached by local boards of review. This offer supports the Board for one full year of operation. The FY'07 offer supported six months of Board operation.

Note: The above offer represents an increase of \$366,667 to fully fund one year of operating expenses. The Department is also requesting a supplemental appropriation of \$91,038 to cover additional operating expenses in FY'07

Enterprise Collection Services

The Department is offering to sell enterprise collection services that will generate over \$120 million in revenue from delinquent liabilities owed the state. In addition, this offer enhances the collection results of other state agencies by continuing the Collection Partnership.

Note: Enterprise Collection Services are self-funded.

**Iowa Department of Revenue
Collection Enterprise**

Summary

The collection function of the Department of Revenue operates as an enterprise within state government providing collection services for the Judicial Branch, College Student Aid Commission, Child Support Recovery and the Department of Natural Resources in addition to its primary function of tax collections. Funding for the enterprise is generated directly from amounts collected and in many cases those costs are passed on to the obligor.

In Fiscal Year 2006 collections totaled \$116.2 million and costs totaled \$7.1 million. The cost to collect was 6.15 percent of the amount collected. In Fiscal Year 2005 collections totaled \$101.9 million, costs totaled \$6.4 million and the cost to collect was 6.27 percent.

<u>Collections (\$ Millions)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Tax	\$ 80.5	\$ 83.8	\$ 95.2
Court	12.5	14.5	15.8
Other	<u>6.2</u>	<u>3.6</u>	<u>5.2</u>
Total	\$ 99.2	\$101.9	\$116.2

Collection Software Upgrade

The 2006 Session of the General Assembly approved a proposal to upgrade the Department's aging collection software. The software is 14 years old and was not designed to support current state-of-the-art collection processes or to support the amounts and types of information needed to effectively administer the collection portfolio.

The Department is in the process installing the software, called "Strata", and completing the associated business process reengineering required to fully utilize the output of the software. The Strata component analyzes each collection account based on the taxpayer's filing and payment history and determines the likelihood of payment using statistically validated models developed from IDR's data warehouse. It then assigns the account to a specific collection treatment designed to optimize the likelihood of payment.

Major aspects of the business process reengineering have been completed and the early results are very positive. Through the first six months of the fiscal year we have achieved collections totaling \$72.7 million. This compares to collections of \$57.3 million through the first six months of last year, an increase of \$15.4 million. The Strata software development is continuing and all deliverables associated with the project are on target for timely delivery during this fiscal year.

<u>Collections (\$ Millions)</u>	<u>July – Dec 2005</u>	<u>July – Dec 2006</u>
Tax	\$ 48.2	\$ 62.1
Court	7.0	7.8
Other	<u>2.1</u>	<u>2.8</u>
Total	\$ 57.3	\$ 72.7

Tax Credits Tracking and Analysis System



Tax Credits Tracking and Analysis System

- Background
- Need for the System
- Project Participation
- Credits Included
- Action Plan
- Evaluation Studies
- Other Policy Considerations

Background

- 2000 Iowa Tax Expenditure Study
- Department Mission and Goals
- FY 2006 Budget Offer

Need for the System

- No central repository of credits data
- No means for tracking the awarding and exercise
- Not all credits are separately listed on tax forms
- No way to track transferred or pass-through credits
- Many credits may be claimed against more than one tax
- No methods for evaluating the effectiveness of credits in achieving legislative objectives

Project Participation

- Agricultural Development Authority
- Dept of Cultural Affairs
- Dept of Economic Development
- Dept of Revenue
- Insurance Division
- Utilities Board
- Dept of Education
- Dept of Workforce Development
- Community Colleges

What Tax Credits Are Included in the System?

- Automatic Credits (13): Do not require a specific award to claim credit
- Awarded Credits (20): Requires an authorized agency to award tax credits before credit can be claimed

Automatic Credits

Program Name	Year Created
Biodiesel Blended Fuel Credit	2006
Child and Dependent Care Credit	1993
Cow-Calf Credit	1996
E-85 Gasoline Promotion Credit	2006
Early Childhood Development Tax Credit	2006
Earned Income Credit	1991
Ethanol Blended Gasoline Credit	2002
Ethanol Promotion Credit	2009
Motor Vehicle Fuel Tax Credit	1975
Research Activities Credit (not doubled)	1985
S Corporation Credit	1998
Soy-Based Cutting Tool Oil Credit	2005
Tuition and Textbook Credit	1998

Iowa Department of Revenue

7

Awarded Credits

Program Name	Awarding Agency	Year Created
Accelerated Career Education (ACE) Program (260G)	Community Colleges	2000
Iowa New Jobs Training Program (260E)	Community Colleges	1983
Historic Preservation & CED Tax Credit	DCA	2000
Assistive Device Credit	DCD	2000
Economic Development Region Revolving Fund Tax Credit	DED	2005
Endow Iowa Tax Credit	DED	2003
Enterprise Zone Program	DED	1997
High Quality Job Creation Program	DED	2005
New Capital Investment Program	DED	2003
New Jobs and Income Program	DED	1994

Iowa Department of Revenue

8

Awarded Credits (cont'd)

Program Name	Awarding Agency	Year Created
Agricultural Assets Transfer Credit	Iowa Agricultural Development Authority (IADA)	2006
Venture Capital Credit—contingent credit for investments in IA fund of funds)	Iowa Capital Investment Board (ICIB)	2002
Venture Capital Credit—investments in seed capital funds	Iowa Capital Investment Board (ICIB)	2002
Venture Capital Credit—investments in venture capital funds	Iowa Capital Investment Board (ICIB)	2002
Renewable Energy Tax Credit	IUB	2006
Wind Energy Production Tax Credit	IUB/ Supervisors	2004
Soy-Based Transformer Oil Credit	Revenue	2006
Wage-Benefit Tax Credit	Revenue	2005
Targeted Jobs Credit From Withholding Pilot Project	DED/Pilot Project Cities	2006
School Tuition Organization Credit	School Tuition Organizations (STO's)	2006

Action Plan

Implementation Teams:

- Forms
- Database
- Tracking Transfers and Pass-Throughs
- Reports
- Evaluation Methodologies

Forms Issue Team

- Developed IA148 Tax Credits Schedule
- IA148 collects data on individual credit basis, which wasn't available previously
- Development of the form was sensitive to needs of software vendors in order to encourage electronic filing of IA148

Database Issue Team

- Developed tool to capture tax credit award data
- Developed tool to input IA148 claim data
- Database will merge award and claim data
- Data from electronically filed returns will also be merged with award data

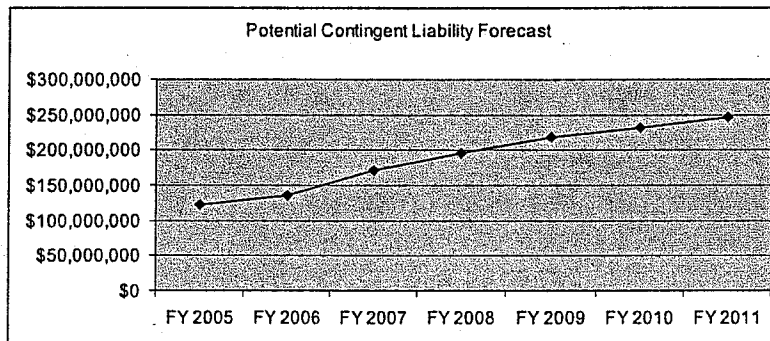
Tracking Transfers and Pass-Throughs Issue Team

- 2006 Legislature passed law requiring IDR to issue all transfer tax credit certificate
- IA148 requests documentation on credits claimed that were received from pass-through entity
- In both cases, both awardee and recipient will be identified anytime a credit changes hands

Reports Issue Team

- Annual status reports will summarize tax credits awarded and tax credits claimed
- Quarterly contingent liability reports forecast budgetary implications of tax credits in current and future years
- Periodic evaluation reports analyze the effectiveness of tax credit programs at meeting their stated goals

Projected Contingent Liability



Source: "Tax Credits Contingent Liability Brief," December 8, 2006.
Prepared for the December 2006 Meeting of the Revenue Estimating Conference.

Evaluation Methodologies Issue Team

- Acts as a sounding board on methods used for evaluation studies
- Each evaluation project will have an advisory group
- The Evaluation Methodologies Issue Team oversees all tax credit evaluations

Evaluation Studies

Standard Elements

- Review of National and Other State's Programs
- Review of Related Research
- Description of Evaluation Methodology
- Statistical Summary

Earned Income Tax Credit Study Issues

- How Iowa EITC compares to federal and other states' EITCs
- Difference in utilization of federal and Iowa EITCs
- Impact of EITC and other income maintenance programs on household disposable income
- Potential program under-utilization
- Persistence of EITC population
- Level of fraud in Iowa's EITC program

Historic Preservation Tax Incentive Study Issues

- How Iowa credit program compares to federal and other states' programs
- Shares of project cost and risk assumed by public and private sectors
- Private investment leverage
- Impact on property values
- Effect on affordable housing options
- Impact on local economic activity
- Historic rehabilitation work done without tax credits

Other Policy Considerations

- Inconsistencies in the ability to transfer credits
- Inconsistency in the basis for exercising credits
 - First-come/first-served v proration
 - Calendar year v fiscal year limits
 - Annual v multi-year limits

Elderly Credit Applicable Code Sections

425.16 ADDITIONAL TAX CREDIT.

In addition to the homestead tax credit allowed under section 425.1, subsections 1 to 4, persons who own or rent their homesteads and who meet the qualifications provided in this division are eligible for an extraordinary property tax credit or reimbursement.

425.23 SCHEDULE FOR CLAIMS FOR CREDIT OR REIMBURSEMENT.

The amount of any claim for credit or reimbursement filed under this division shall be determined as provided in this section.

1. a. The tentative credit or reimbursement for a claimant described in section 425.17, subsection 2, paragraph "a" and paragraph "b" if no appropriation is made to the fund created in section 425.40 shall be determined in accordance with the following schedule:

If the household income is:	Percent of property taxes due or rent constituting property taxes paid allowed as a credit or reimbursement:
\$ 0 -- 8,499.99 100%
8,500 -- 9,499.99 85
9,500 -- 10,499.99 70
10,500 -- 12,499.99 50
12,500 -- 14,499.99 35
14,500 -- 16,499.99 25

2. The actual credit for property taxes due shall be determined by subtracting from the tentative credit the amount of the homestead credit under section 425.1 which is allowed as a credit against property taxes due in the fiscal year next following the base year by the claimant or any person of the claimant's household. If the subtraction produces a negative amount, there shall be no credit but no refund shall be required. The actual reimbursement for rent constituting property taxes paid shall be equal to the tentative reimbursement.

25B.7 FUNDING PROPERTY TAX CREDITS AND EXEMPTIONS.

1. Beginning with property taxes due and payable in the fiscal year beginning July 1, 1998, the cost of providing a property tax credit or property tax exemption which is enacted by the general assembly on or after January 1, 1997, shall be fully funded by the state. If a state appropriation made to fund a credit or exemption which is enacted on or after January 1, 1997, is not sufficient to fully fund the credit or exemption, the political subdivision shall be required to extend to the taxpayer only that portion of the credit or exemption estimated by the department of revenue to be funded by the state appropriation. The department of revenue shall determine by June 15 the estimated portion of the credit or exemption which will be funded by the state appropriation.

2. The requirement for fully funding and the consequences of not fully funding credits and exemptions under subsection 1 also apply to all of the following:

- a. Homestead tax credit pursuant to sections 425.1 through 425.15.
- b. Low-income property tax credit and elderly and disabled property tax credit pursuant to sections 425.16 through 425.40.
- c. Military service property tax credit and exemption pursuant to chapter 426A, to the extent of six dollars and ninety-two cents per thousand dollars of assessed value of the exempt property.