

four-year terms of office, two of which shall expire every two years unless sooner terminated by a commission member ceasing to be a member of the general assembly. Succeeding appointments shall be for a term of four years. Vacancies in the membership shall be filled for the unexpired term in the same manner as the original appointment.

Sec. 4. Section 601K.54, Code 1987, is amended to read as follows:  
601K.54 MEETINGS OF THE COMMISSION.

The commission shall meet at least ~~four~~ six times each year, and shall hold special meetings on the call of the chairperson. The commission shall adopt rules pursuant to chapter 17A as it deems necessary for the commission and division. The members of the commission shall receive a per diem of forty dollars and be reimbursed for actual expenses while engaged in their official duties. Members may also be eligible to receive compensation as provided in section 7E.6. Legislative members of the commission shall receive payment pursuant to sections 2.10 and 2.12.

Sec. 5. The terms of members of the commission on the status of women who were appointed prior to the effective date of this Act shall expire on the effective date of this Act.

Approved May 3, 1988

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## CHAPTER 1151

### MILITARY SERVICE TAX CREDIT AND FRANCHISE TAX ADMINISTRATION

*H.F. 2473*

**AN ACT** relating to the administration and requirements for military service tax credits, and making appropriations directly from the state general fund for purposes of the military service tax credit and payment of the franchise tax to local governments, and providing an effective date.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 123.53, subsection 7, Code 1987, is amended by striking the subsection.

Sec. 2. Section 422.65, Code 1987, is amended to read as follows:  
422.65 ALLOCATION OF REVENUE.

~~Fifty five percent of the total~~ All moneys received from the franchise tax shall be deposited in the state general fund. ~~The remaining moneys received from the franchise tax shall be deposited in a franchise tax fund hereby established in the office of the treasurer of state, and Forty-five percent of all franchise tax money received and deposited in the state general fund shall be paid quarterly on warrants by the director, after certification by the director,~~ as follows:

1. Sixty percent to the general fund of the city from which the tax is collected.
2. Forty percent to the county from which the tax is collected.

If the financial institution maintains one or more offices for the transaction of business, other than its principal office, a portion of its franchise tax shall be allocated to each office, based upon a reasonable measure of the business activity of each office. The director shall prescribe, for each type of financial institution, a method of measuring the business activity of each office. Financial institutions shall furnish all necessary information for this purpose at the request of the director.

Quarterly, the director shall certify to the treasurer of state the amounts to be paid to each city and county from the franchise tax state general fund. All moneys received from the franchise tax are hereby appropriated according to the provisions of this section.

Sec. 3. Section 426A.1, Code 1987, is amended to read as follows:

426A.1 MILITARY SERVICE TAX CREDIT FUND APPROPRIATION.

There is hereby appropriated from any moneys in the general fund of the state treasury not otherwise appropriated, the sum of eight hundred thousand dollars to establish a fund to be known as "the military service tax credit fund", in which fund shall also be included the amounts credited to the military service tax fund provided by section 123.53, subsection 7 necessary to fund the credits provided under this chapter.

Sec. 4. Section 426A.2, Code 1987, is amended to read as follows:

426A.2 WHERE CREDIT GIVEN.

The military service tax credit fund moneys shall be apportioned each year as hereinafter provided so as to replace all or a portion of the tax on property eligible for military service tax exemption in the state, were such the property subject to taxation the amount of such credit to be equal to not more than six dollars and seventy-five cents per thousand dollars of assessed value upon the valuation of property subject to the tax which, but for military service tax exemption, would be payable upon such the property in the taxing district to which such the property is located.

Sec. 5. Section 426A.4, Code 1987, is amended to read as follows:

426A.4 CERTIFICATION BY DIRECTOR OF REVENUE AND FINANCE.

Sums distributable from the military service tax credit general fund of the state shall be allocated annually to the counties of the state. On September 15 annually the director of revenue and finance shall certify and draw warrants to the treasurer of each county payable from the military service tax credit general fund of the state in the amount claimed. However, if the amount of money in the fund is insufficient to pay the credits claimed in full, the claims shall be paid on a pro rata basis. Payments shall be made to the treasurer of each county not later than September 30 of each year. The director of revenue and finance shall transfer any funds in the military service tax credit fund on May 31 of each year not necessary for the payment of claims to the general fund.

Sec. 6. Section 426A.6, Code 1987, is amended to read as follows:

426A.6 SETTING ASIDE ALLOWANCE.

If the director of revenue and finance determines that any claim for military service tax exemption has been allowed by any board of supervisors which is not justifiable under the law and not substantiated by proper facts, the director may, at any time within twenty-four months from July 1 of the year in which the claim is allowed, set aside the allowance. Notice of the disallowance shall be given to the county auditor of the county in which the claim has been improperly granted and a written notice of the disallowance shall also be addressed to the claimant at the claimant's last known address. The claimant or the board of supervisors may seek judicial review of the action of the director of revenue and finance in accordance with the Iowa administrative procedure Act chapter 17A. In any case, where a claim is so disallowed by the director of revenue and finance and a petition for judicial review is not filed with respect to the disallowance, any amounts of credits allowed and paid from the military service tax credit general fund of the state become a lien upon the property on which the credit was originally granted, if still in the hands of the claimant, and not in the hands of a bona fide purchaser, and any amount so erroneously paid shall be collected by the county treasurer in the same manner as other taxes and the collections shall be returned to the department of revenue and finance and credited to the military service tax credit general fund of the state. The

director of revenue and finance may institute legal proceedings against a military service tax exemption claimant for the collection of all payments made on disallowed exemptions.

Sec. 7. Section 426A.8, Code 1987, is amended to read as follows:

**426A.8 EXCESS REMITTED — APPEALS.**

If the amount of credit apportioned to any property eligible to military service tax exemption under the provisions of this chapter in any year shall exceed the total tax, exclusive of any special assessments levied against such property eligible for military service tax exemption then such the excess shall be remitted by the county treasurer to the department of revenue and finance to be redeposited in the military service tax credit general fund of the state and reallocated the following year by the department as provided hereunder.

~~In the event~~ If any claim for exemption made ~~hereunder~~ has been denied by the board of supervisors, and ~~such the~~ the action is subsequently reversed on appeal, the same credit shall be allowed on the assessed valuation, not to exceed the amount of the military service tax exemption involved in ~~said the~~ the appeal, as was allowed on other military service tax exemption valuations for the year or years in question, and the director of revenue and finance, the county auditor, and the county treasurer ~~are hereby authorized and directed to make such shall credit and to change their books and records accordingly.~~

~~In the event~~ If the appealing taxpayer has paid one or both of the installments of the tax payable in the year or years in question on such military service tax exemption valuation, remittance shall be made to the county treasurer in the amount of such credit.

The amount of ~~such the~~ credit shall be allocated and paid from the surplus redeposited in the military tax credit general fund of the state provided for in the first paragraph of this section.

Sec. 8. Section 426A.9, Code 1987, is amended to read as follows:

**426A.9 ERRONEOUS CREDITS.**

~~In the event~~ If any claim is allowed, and subsequently reversed on appeal, any credit ~~made thereunder~~ shall be void, and the amount of ~~such the~~ credit shall be charged against the property in question, and the director of revenue and finance, the county auditor and the county treasurer ~~are authorized and directed to shall correct their books and records accordingly.~~ The amount of ~~such the~~ the erroneous credit, when collected, shall be returned by the county treasurer to the military service tax credit general fund ~~to be reallocated the following year as provided herein of the state.~~

Sec. 9. Section 427.3, subsection 5, Code 1987, is amended to read as follows:

5. The provisions of this section shall apply to personal property held in partnership but not in excess of the value of the veteran's share actually held. Wherever the word "soldier" shall appear in this chapter, it shall be construed to include, without limitation, the members of the United States air force and the United States merchant marine.

Sec. 10. Section 427.3, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 6. For the purpose of determining a military tax exemption under this section, property includes a mobile home as defined in section 135D.1.

Approved May 4, 1988