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STATE GOVERNMENT

SENATE FILE 2228

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BLACK, GRONSTAL, and KIBBIE

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act to provide for additional state reimbursement for military  
2 service property tax credit and exemption claims and including  
3 effective and applicability date provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 25B.7, subsection 2, paragraph c, Code  
2 2005, is amended to read as follows:

3 c. Military service property tax credit and exemption  
4 pursuant to chapter 426A, ~~to the extent of six dollars and~~  
5 ~~ninety-two cents per thousand dollars of assessed value of the~~  
6 ~~exempt property.~~

7 Sec. 2. Section 426A.2, Code 2005, is amended to read as  
8 follows:

9 426A.2 MILITARY SERVICE TAX CREDIT.

10 The moneys shall be apportioned each year so as to replace  
11 all ~~or a portion~~ of the tax which would be due on property  
12 eligible for military service tax exemption in the state, if  
13 the property were subject to taxation, ~~the amount of the~~  
14 ~~credit to be not more than six dollars and ninety-two cents~~  
15 ~~per thousand dollars of assessed value of property which would~~  
16 ~~be subject to the tax, except for the military service tax~~  
17 ~~exemption.~~

18 Sec. 3. Section 426A.5, Code 2005, is amended to read as  
19 follows:

20 426A.5 PROPORTIONATE SHARES TO DISTRICTS.

21 The amount of credits received under this chapter shall  
22 then be apportioned by each county treasurer to the several  
23 taxing districts in the same manner as though the amount of  
24 the credit had been paid by the owner of the property  
25 receiving the credit. Each taxing district shall receive its  
26 proportionate share of the military service tax credit allowed  
27 on each and every tax exemption allowed in such the taxing  
28 district, ~~in the proportion that the levy made by such taxing~~  
29 ~~district upon general property bears to the total levy upon~~  
30 ~~all property subject to general property taxation by all~~  
31 ~~taxing districts imposing a general property tax in such~~  
32 ~~taxing district~~ based upon the amount of property taxes which  
33 would be due on the property receiving the credit, if the  
34 property were subject to taxation.

35 Sec. 4. EFFECTIVE AND APPLICABILITY DATE. This Act, being

1 deemed of immediate importance, takes effect upon enactment  
2 and applies to the military service property tax exemption  
3 allowed for property taxes due and payable during fiscal years  
4 beginning on or after July 1, 2006.

5 EXPLANATION

6 Under present law, the state will reimburse local  
7 governments for the lost tax revenue resulting from the  
8 military service tax exemption. However, the amount of  
9 reimbursement is limited to \$6.92 per \$1,000 of the assessed  
10 value of the exemption. Since the consolidated levies  
11 throughout the state exceed \$6.92 per \$1,000 of the assessed  
12 value, the local governments are not reimbursed for all the  
13 lost property tax revenue. This bill increases the amount of  
14 the reimbursement to equal the full amount of the property  
15 taxes lost by local governments as a result of the military  
16 service tax exemption.

17 The bill takes effect upon enactment and applies to taxes  
18 due and payable during fiscal years beginning on or after July  
19 1, 2006.

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