

FEB 19 2002

ECONOMIC DEVELOPMENT

HOUSE FILE 2422
BY WARNSTADT

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to educational, tax, homebuyer, and welfare
2 benefits and protections for members and families of Iowa
3 national guard or United States reserve forces during
4 activation for federal service or active state service,
5 providing for other properly related matters, and providing
6 for appropriations.

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

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HF 2422

1 Section 1. NEW SECTION. 15E.41 NATIONAL GUARD AND
2 RESERVIST HOMEBUYER ASSISTANCE.

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Department" means the department of economic
6 development.

7 b. "Eligible applicant" means any Iowa guardsman or
8 reservist activated for federal service or activated for
9 active state service as a result of a request to the governor
10 from the president of the United States after September 11,
11 2001.

12 2. The department shall establish and administer a
13 guardsman and reservist homebuyer assistance program. Under
14 the program, an eligible applicant may apply to the department
15 for financial assistance for a portion of the down payment on
16 the purchase of a house. The financial assistance shall not
17 exceed ten percent of the purchase price of the house and
18 shall be in the form of a grant. An eligible applicant may
19 apply for financial assistance up to three years following the
20 completion of active duty.

21 3. There is appropriated for each fiscal year from the
22 general fund of the state to the department of economic
23 development, one hundred thousand dollars to be used for
24 grants under the guardsman and reservist homebuyer assistance
25 program.

26 Sec. 2. Section 35.1, subsection 2, paragraph b,
27 subparagraph (2), Code 2001, is amended to read as follows:

28 (2) Former members of the Iowa national guard who served
29 at least twenty years in the Iowa national guard after January
30 28, 1973, and who were discharged under honorable conditions.
31 However, a member of the Iowa national guard who was activated
32 for federal duty service or who was activated for active state
33 service by order of the governor at the request of the
34 president of the United States, other than training, for a
35 minimum aggregate of ninety days, and was discharged under

1 honorable conditions or was retired under Title X of the
2 United States Code shall be included as a veteran.

3 Sec. 3. NEW SECTION. 217.35 COUNSELING SERVICES FOR
4 FAMILIES OF IOWA NATIONAL GUARD MEMBERS AND RESERVE FORCES OF
5 THE UNITED STATES.

6 1. The department shall provide for counseling services at
7 the local level upon the request of an eligible adult member
8 of the immediate family of a member of the Iowa national guard
9 or reserve forces of the United States who is ordered to
10 active state service or federal service or duty, to a
11 department of human services field services county office. If
12 a state or federal funding source is not available to pay for
13 the costs of the counseling, the costs shall be paid from any
14 funds appropriated to the department.

15 2. There is appropriated out of any funds in the state
16 treasury not otherwise appropriated a sum sufficient to pay
17 for counseling services pursuant to subsection 1.

18 Sec. 4. Section 237A.13, subsection 1, Code 2001, is
19 amended by adding the following new paragraph:

20 NEW PARAGRAPH. f. The child's parent, guardian, or
21 custodian is a member of the Iowa national guard or reserve
22 forces of the United States and who is absent while serving on
23 active state service or federal service or duty.

24 Sec. 5. Section 237A.13, subsection 5, Code 2001, is
25 amended by adding the following new paragraph after paragraph
26 b:

27 NEW PARAGRAPH. bb. Families with an income of not more
28 than one hundred seventy-five percent of the federal poverty
29 level and that have a parent, guardian, or custodian who is a
30 member of the Iowa national guard or reserve force of the
31 United States and who is absent while serving on active state
32 service or federal service or duty.

33 Sec. 6. Section 260C.14, Code Supplement 2001, is amended
34 by adding the following new subsection:

35 NEW SUBSECTION. 20. Adopt a policy to offer not less than

1 the following options to a student who is a member of the Iowa
2 national guard or reserve forces of the United States and who
3 is ordered to active state service or federal service or duty:

4 a. Receive a grade or an incomplete for a course, or an
5 administrative drop with a full refund, if approved by the
6 instructor.

7 b. Withdraw from all current term courses with full refund
8 of tuition and fees.

9 Sec. 7. NEW SECTION. 261.6 RESPONSE TO NATIONAL
10 EMERGENCY -- WAIVER AUTHORITY.

11 1. For purposes of this section, unless the context
12 otherwise requires:

13 a. "Active duty" means "active duty" as defined in 10
14 U.S.C. § 101(d)(1), except that the term does not include
15 active duty for training or attendance at a service school.

16 b. "Affected individual" means an individual who is
17 serving on active duty during a declared national emergency;
18 or who resides or is employed in an area that is declared a
19 disaster area by any federal, state, or local official in
20 connection with a declared national emergency; or who suffered
21 direct economic hardship as a result of a declared national
22 emergency, as determined under a waiver or modification issued
23 pursuant to this section.

24 c. "Serving on active duty during a national emergency"
25 means any of the following individuals:

26 (1) A reserve of an armed force ordered to active duty
27 under 10 U.S.C. § 12301(a), 12301(g), 12302, 12304, or 12306,
28 or any retired member of an armed force ordered to active duty
29 under 10 U.S.C. § 688, as amended, for service in connection
30 with the emergency or subsequent actions or conditions,
31 regardless of the location at which the active duty service is
32 performed.

33 (2) Any other member of an armed force on active duty in
34 connection with the emergency or subsequent actions or
35 conditions who has been assigned to a duty station at a

1 location other than the location at which the member is
2 normally assigned.

3 2. Notwithstanding any other provision of this chapter, in
4 the event of a national emergency declared by the president of
5 the United States by reason of terrorist attack, the
6 commission may waive or modify any statutory or regulatory
7 provision applicable to state financial aid programs
8 established pursuant to this chapter to ensure, with regard to
9 affected individuals, that the following occurs:

10 a. The financial positions of affected individuals who are
11 state student loan borrowers are not worsened in relation to
12 those loans because of their status as affected individuals.

13 b. Administrative requirements placed on state student
14 loan borrowers are minimized, to the extent possible, without
15 impairing the integrity of the student loan programs, to ease
16 the burden on these borrowers and to avoid inadvertent
17 technical violations or defaults.

18 c. The calculation of "annual adjusted family income" and
19 "available income", as used in the determination of need for
20 student financial assistance under 20 U.S.C. § 1070 et seq.,
21 for affected individuals, or, if applicable, for the spouses
22 or dependents of affected individuals, may be modified to mean
23 the sums received in the first calendar year of the award year
24 for which the determination is made, in order to reflect more
25 accurately the financial condition of the affected individuals
26 or their families.

27 3. Notwithstanding any other provision of this chapter, in
28 the event of a national emergency declared by the president of
29 the United States by reason of terrorist attack, the
30 commission may grant temporary relief from requirements
31 rendered infeasible or unreasonable, including due diligence
32 requirements and reporting deadlines, by the national
33 emergency, to an institution of higher education under the
34 state board of regents, a community college, an accredited
35 private institution as defined in section 261.9, eligible

1 lenders, and other entities participating in the state student
2 assistance programs in accordance with this chapter, that are
3 located in, or whose operations are directly affected by,
4 areas that are declared disaster areas by any federal, state,
5 or local official in connection with the national emergency.
6 If the commission issues a waiver in accordance with this
7 section, the report prepared by the commission pursuant to
8 section 17A.9A, subsection 5, shall include examples of
9 measures that a postsecondary institution may take in the
10 appropriate exercise of discretion, as provided in 20 U.S.C. §
11 1087tt, to adjust financial need and aid eligibility
12 determinations for affected individuals.

13 4. If the commission grants temporary relief to an
14 affected individual in accordance with subsection 3, and the
15 individual applies for renewal of eligibility within one year
16 of discharge from active duty, eligibility for state financial
17 assistance shall be reinstated.

18 5. This section shall not be construed as a requirement
19 that the commission exercise the waiver or modification
20 authority provided pursuant to this section on a case-by-case
21 basis.

22 Sec. 8. Section 262.9, Code Supplement 2001, is amended by
23 adding the following new subsection:

24 NEW SUBSECTION. 29. Direct the institutions of higher
25 education under its control to adopt a policy to offer not
26 less than the following options to a student who is a member
27 of the Iowa national guard or reserve forces of the United
28 States and who is ordered to active state service or federal
29 service or duty:

30 a. Receive a grade or an incomplete for a course, or an
31 administrative drop with a full refund, if approved by the
32 instructor.

33 b. Withdraw for all current term courses with full refund
34 of tuition and fees.

35 Sec. 9. Section 422.7, Code Supplement 2001, is amended by

1 adding the following new subsection:

2 NEW SUBSECTION. 38. Subtract, to the extent not otherwise
3 excluded, the amount of withdrawals from tax-deferred savings
4 accounts made during the tax year if the taxpayer or
5 taxpayer's spouse is a member of the Iowa national guard or
6 reserve forces of the United States who is ordered to active
7 state service or federal service or duty. In addition, a
8 penalty for such withdrawals shall not be assessed by the
9 state.

10 Sec. 10. IMPLEMENTATION OF ACT. Section 25B.2, subsection
11 3, and section 25B.7 do not apply to the benefits and property
12 tax exemptions and credits available to veterans pursuant to
13 section 2 of this Act.

14 EXPLANATION

15 New Code section 15E.41 requires the department of economic
16 development to create a national guard and reservist homebuyer
17 assistance program. The bill provides that, under the
18 program, an eligible applicant may apply to the department for
19 financial assistance for a portion of the down payment on the
20 purchase of a house. The bill provides that "eligible
21 applicant" means any member of the Iowa national guard
22 activated for federal service or activated for state service
23 as a result of a request to the governor from the president of
24 the United States or member of the reserve forces of the
25 United States who is activated for federal service after
26 September 11, 2001. The bill provides that the financial
27 assistance shall not exceed 10 percent of the purchase price
28 of the house and shall be in the form of a grant. The bill
29 provides that an eligible applicant may apply for financial
30 assistance up to three years following the completion of
31 active duty. The bill appropriates, for each fiscal year from
32 the general fund of the state to the department of economic
33 development, \$100,000 to be used for grants under the national
34 guard and reservist homebuyer assistance program.

35 Code section 35.1 is amended to provide that active state

1 service served by a member of the Iowa national guard for a
2 minimum aggregate of 90 days' service and by the order of the
3 governor at the request of the president of the United States,
4 for purposes other than for training, shall qualify the member
5 as a veteran. The member must also be discharged under
6 honorable conditions or retired under Title X of the United
7 States Code. Current law provides that only a minimum
8 aggregate of 90 days of federal service qualifies even though
9 active state service is also federally authorized and funded.
10 Upon discharge under honorable conditions or retirement from
11 the Iowa national guard with the minimum aggregate of 90 days'
12 active state service, the veteran and the veteran's family are
13 eligible for veterans benefits including the military property
14 tax exemption and credit. Code section 25B.2, subsection 3,
15 and Code section 25B.7, relating to state funding of mandates
16 and property tax credits and exemptions, do not apply to the
17 property tax credits available to these veterans.

18 New Code section 217.35 provides for counseling services at
19 the request of an eligible adult member of the immediate
20 family of a member of the Iowa national guard or reserve
21 forces of the United States who is ordered to federal service
22 or duty or active state service. If funding is not otherwise
23 available for these services, a standing unlimited
24 appropriation is provided to pay for these services.

25 Code section 237A.13 is amended to expand income
26 eligibility for the child care financial assistance program up
27 to 175 percent of poverty for families of members of the Iowa
28 national guard or reserve forces of the United States during
29 periods of federal service or active state service.

30 Code sections 260C.14 and 262.9 are amended to provide for
31 the refund of any tuition and fees paid to the state
32 universities or community colleges for terms that cannot be
33 completed by a member of the national guard or reserve force
34 because of an order to federal service or active state
35 service.

1 New Code section 261.6 authorizes the college student aid
2 commission to waive or modify, for individuals and entities
3 specified in the bill, any statutory or regulatory provision
4 applicable to the state financial aid program in the event of
5 a national emergency declared by the president of the United
6 States by reason of terrorist attack.

7 Under new Code section 261.6, the waivers or modifications
8 may be issued for "affected individuals", defined as
9 individuals who are serving on active duty during the national
10 emergency; or who reside or are employed in an area declared a
11 disaster area by any federal, state, or local official in
12 connection with the national emergency; or who suffered direct
13 economic hardship as a result of the national emergency. The
14 commission may issue waivers or make modifications to ensure,
15 with regard to affected individuals, that state student loan
16 borrowers are not worsened in relation to those loans,
17 administrative requirements placed on state student loan
18 borrowers are minimized to ease their burdens and avoid
19 inadvertent technical violations or defaults, and the
20 calculations used to determine financial need for affected
21 individuals or their families may be modified to reflect more
22 accurately the financial condition of the affected individuals
23 or the affected individuals' families.

24 New Code section 261.6 also allows the commission to grant
25 temporary relief from requirements rendered infeasible or
26 unreasonable by the national emergency, to postsecondary
27 education institutions, eligible lenders, and other entities
28 participating in the state student assistance programs located
29 in, or whose operations are directly affected by, areas that
30 are declared disaster areas by any federal, state, or local
31 official in connection with the national emergency. The bill
32 does not require that the authority granted the commission be
33 exercised on a case-by-case basis.

34 Code section 422.7 is amended to allow withdrawals from all
35 types of tax-deferred savings accounts without state penalty

1 or tax liability by members of the national guard or reserve
2 force due to an order to federal service or active state
3 service.

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