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DES MOINES — The Iowa Senate voted 43-6 Wednesday to pass a wide-ranging, historic tax relief package that will benefit all property classes, provide an estimated $120 credit to income taxpayers, and give a break to low-income working families.

Supporters called Senate File 295 a long-awaited compromise that will stimulate the economy by helping businesses create jobs and returning money to taxpayers' pockets. Detractors called the package an unsustainable drain on state resources that will hurt education, public safety and local governments.

"I'm excited about this," said Sen. Randy Feenstra, R-Hull, who hailed the first significant relief for commercial and industrial property owners since 1979. "This is a true watershed moment for the state Legislature."

Negotiators forged the hybrid compromise of the competing approaches favored by Gov. Terry Branstad, majority House Republicans and Democrats who control the Senate. Supporters say the overall price tag of the sweeping multi-year, multi-pronged measure likely would be around $400 million when fully implemented.

On the income tax side, the legislative compromise stipulates that beginning July 1, 2014, a tax credit will be issued to Iowans with tax liabilities when the balance of the Taxpayers Trust Fund exceeds $30 million. The new tax credit pushed by legislative Republicans is not refundable and cannot be carried forward or carried back.

Sen. Matt McCoy, D-Des Moines, estimated individual credits would average about $120 per taxpayer when claimed on the state income tax form.

"Just because it's a compromise doesn't mean it's a good compromise," said Sen. Rob

growth called for under the current rollback. Branstad had sought to cap those yearly increases at 2 percent.

The compromise also calls for commercial and Industrial properties to be assessed at 95 percent of valuation retroactive to Jan.1, then at 90 percent starting on Jan. 1, 2014 and each year thereafter. Currently, those properties are taxed at 100 percent of valuation. The phase-down falls short of the 20 percent cut Branstad-led GOP forces wanted.

To accomplishment that reduction, negotiators agreed that the state would appropriate money to local governments to replace their lost revenue. The payments would total $78.8 million in fiscal 2015, grow to $162.8 million in fiscal 2016 and then be $154.1 million for fiscal 2017 and each fiscal year thereafter.

Also included was a Business Property Tax Credit for property taxes due and payable in fiscal year 2015 that Senate Democrats championed. Under that portion of the agreement, the state would appropriate $50 million in fiscal 2015 to cover the new tax credit, with the amount growing to $100 million in fiscal 2016, and then $125 million in fiscal 2017 and each year thereafter.

When the credit is fully phased in, bill's architects projected that at least $145,000 of property value on every business would be taxed at the residential rate and almost two-thirds of the businesses receiving the credit would see their entire property value taxed at the residential rate.

The overall tax relief plan also proposes to double the earned income tax credit for lower-income working families — a priority of legislative Democrats — from the current 7 percent to 14 percent in tax year 2013 and then to 15 percent in tax year 2014. The state's fiscal impact for the refundable credit was pegged at $30.8 million in fiscal 2014 and $34.5 million in fiscal 2015.

Also, House and Senate conference committee members agreed to create a new

projected to have a $16 million impact on local governments.

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