

SENATE FILE 509  
BY COMMITTEE ON SMALL BUSINESS  
AND ECONOMIC DEVELOPMENT

(SUCCESSOR TO SSB 345.1)

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

A BILL FOR

1 An Act relating to funding for the Iowa finance authority housing  
2 trust fund, establishing the Iowa home ownership made easy  
3 program, and increasing the real estate transfer tax.

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

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SF 509

1 Section 1. NEW SECTION. 220B.1 TITLE.

2 This chapter may be cited as the home ownership made easy  
3 Act.

4 Sec. 2. NEW SECTION. 220B.2 PURPOSE AND INTENT.

5 The general assembly finds and declares that for the  
6 benefit of the people of Iowa, a program shall be established  
7 to help make the dream of home ownership a reality for more of  
8 this state's citizens. It has come to the attention of the  
9 general assembly that there is a growing gap between housing  
10 affordability for eligible home buyers and housing  
11 affordability for persons who presently own the homes in which  
12 they live, and that increased demand by mortgage lenders for a  
13 greater amount of money as a down payment on a home is a  
14 significant barrier to home ownership for many persons in this  
15 state. The general assembly recognizes that increasing owner-  
16 occupied housing has many benefits for the communities in this  
17 state and that owning one's own home is a worthwhile goal and  
18 a goal which the general assembly wishes to help many of this  
19 state's citizens attain. It is the intent of the general  
20 assembly to provide to potential purchasers of homes in this  
21 state a method of accumulating, over a period of years, funds  
22 sufficient to make a down payment on a home which those  
23 persons would otherwise be unable to purchase.

24 Sec. 3. NEW SECTION. 220B.3 DEFINITIONS.

25 1. "Eligible home buyer" means a person eighteen years of  
26 age or older who has not as a sole owner, tenant in common, or  
27 joint tenant with right of survivorship, held a fee simple  
28 absolute or other ownership interest in residential real  
29 estate within two years before beginning participation in the  
30 program.

31 2. "Fund" means the home ownership made easy investment  
32 fund created by section 220B.5, subsection 2.

33 3. "Participant" means each eligible home buyer  
34 participating in the home ownership made easy program created  
35 by section 220B.4.

1 4. "Program" means the home ownership made easy program.

2 5. "Residential real estate" means up to a two unit  
3 dwelling, one unit of which is owner occupied.

4 Sec. 4. NEW SECTION. 220B.4 HOME OWNERSHIP MADE EASY  
5 PROGRAM.

6 The home ownership made easy program is created under the  
7 administration of the Iowa finance authority. The Iowa  
8 finance authority shall adopt rules for the efficient  
9 administration of the program including providing for the  
10 expenses of administering the program.

11 Sec. 5. NEW SECTION. 220B.5 PARTICIPATION IN THE  
12 PROGRAM.

13 1. A person may participate in the program by making  
14 periodic deposits of money with the Iowa finance authority.  
15 Deposits may be made monthly, quarterly, or semiannually, or  
16 may be made through a payroll deduction plan administered by  
17 the eligible home buyer's employer. The initial deposit shall  
18 be in an amount not less than two hundred fifty dollars for  
19 each alternative investment. Subsequent deposits may be in  
20 any amount subject to rules adopted by the Iowa finance  
21 authority.

22 Banks and savings and loan associations which apply to and  
23 are approved by the Iowa finance authority shall serve as  
24 information distribution centers and sales agents on behalf of  
25 the program.

26 2. All moneys received by the Iowa finance authority under  
27 this chapter shall be deposited in the home ownership made  
28 easy investment fund. The Iowa finance authority shall be the  
29 custodian of the fund, which shall be outside the state  
30 treasury. The Iowa finance authority shall invest the moneys  
31 deposited in the fund by each eligible home buyer  
32 participating in the program in one or more of the following  
33 ways, according to the direction of the participant:

34 a. By depositing the moneys in a single money market  
35 mutual fund or account selected by the Iowa finance authority

1 which invests solely in securities the income of which is  
2 exempt from taxation by the United States government.

3 b. By depositing the moneys in a single money market  
4 mutual fund or account selected by the Iowa finance authority  
5 which invests solely in marketable securities rated in the top  
6 four rating categories by national rating services and  
7 designated as "investment grade" or "bank quality" investment  
8 securities.

9 c. By purchasing, for the participant, bonds issued by the  
10 Iowa finance authority under section 220B.6.

11 d. By depositing the moneys in a home ownership made easy  
12 investment pool, which moneys may then be invested in the same  
13 manner, in the same types of investments, and subject to the  
14 same limitations provided for the investment of funds in the  
15 state treasury, except that at all times at least twenty  
16 percent of the funds invested shall be invested in banks and  
17 savings and loan associations in this state to supplement and  
18 enhance the investment opportunities otherwise available under  
19 this subsection.

20 3. A participant may withdraw moneys deposited and  
21 invested under subsection 2, paragraph "a", "b", or "d"  
22 subject to the following restrictions:

23 a. Withdrawal of moneys shall not be made until after six  
24 months from the date the participant's initial deposit is  
25 received by the Iowa finance authority.

26 b. No more than two withdrawals may be made in any twelve-  
27 month period.

28 c. If the participant gives the Iowa finance authority  
29 less than fourteen days prior notice that the participant  
30 intends to make a withdrawal, a penalty of five percent of the  
31 amount withdrawn shall be assessed. Notice of a participant's  
32 intention to make a withdrawal shall be given according to  
33 rules adopted by the Iowa finance authority.

34 4. A participant may direct the Iowa finance authority to  
35 transfer funds among alternative investments. The transfer

1 notice is subject to the notice of withdrawal requirements of  
2 subsection 3 and the participant may exercise this right once  
3 annually, on the anniversary date of participation.

4 Sec. 6. NEW SECTION. 220B.6 HOME OWNERSHIP MADE EASY  
5 (HOME) BONDS.

6 1. Bonds issued to accomplish the purposes of the program,  
7 to be known as home ownership made easy (HOME) bonds, shall be  
8 issued by the Iowa finance authority, and shall bear interest  
9 payable at such time or times and may be sold at such prices  
10 and in such manner as provided by law.

11 2. All HOME bonds shall be purchased from the treasurer of  
12 state and shall be issued as provided by law.

13 3. HOME bonds shall be issued in a total aggregate  
14 original principal amount not to exceed fifty million dollars.

15 4. Every HOME bond shall be issued in the face amount of  
16 one thousand dollars and shall mature at least three years  
17 from the date of issuance, as elected by the purchaser.  
18 However, interest at the rate borne by each HOME bond prior to  
19 its maturity shall continue to accrue after its maturity until  
20 the HOME bond is paid or redeemed.

21 5. HOME bonds issued under this section, and the income  
22 derived therefrom, shall not be subject to taxation by the  
23 state or a political subdivision of the state except for  
24 estate, inheritance, or transfer taxes.

25 Sec. 7. NEW SECTION. 220B.7 PROGRAM BENEFITS.

26 1. When a program participant terminates participation in  
27 the program, the Iowa finance authority shall certify to the  
28 department of revenue and finance and the Iowa finance  
29 authority all of the following:

30 a. That the participant is an eligible home buyer.

31 b. That within four months after termination of  
32 participation in the program the participant became the owner,  
33 as sole owner, tenant in common, or joint tenant with right of  
34 survivorship, of a fee simple absolute interest in real estate  
35 located in this state and occupied by the participant as a

1 principal residence.

2 c. That at least one of the following has occurred:

3 (1) For a period of three years immediately preceding  
4 termination of participation in the program, the participant  
5 deposited moneys with the Iowa finance authority for  
6 investment under section 220B.5, subsection 2, paragraph "a",  
7 "b", or "d", at least two deposits were made in each twelve-  
8 month period during that three-year period, and the total  
9 amount deposited, minus withdrawals, in each twelve-month  
10 period equals at least twenty percent of the total amount  
11 deposited, minus withdrawals.

12 (2) For a period of five years immediately preceding  
13 termination of participation in the program, the participant  
14 deposited moneys with the Iowa finance authority for  
15 investment under section 220B.5, subsection 2, paragraph "a",  
16 "b", or "d", at least two deposits were made in each twelve-  
17 month period during that five-year period, and the total  
18 amount deposited, minus withdrawals, in each twelve-month  
19 period equals at least ten percent of the total amount  
20 deposited, minus withdrawals.

21 (3) The participant purchased HOME bonds in the total  
22 aggregate face amount of not less than four thousand dollars,  
23 was the original purchaser of those bonds, and held the bonds  
24 to maturity or later.

25 2. A participant who is certified by the Iowa finance  
26 authority under subsection 1 as having met all of the  
27 requirements of that subsection shall:

28 a. Have refunded to the participant the tax, imposed under  
29 the real estate transfer tax imposed under chapter 428A, upon  
30 the participant's purchase of a principal residence.

31 b. Have priority, over persons who are not so certified,  
32 under the residential mortgage interest reduction program  
33 under section 220.81.

34 3. At the request of the participant, a participant who is  
35 certified by the Iowa finance authority under subsection 1 as

1 having met all of the requirements of that subsection may also  
2 be certified by the Iowa finance authority to the treasurer of  
3 the county in which the participant has purchased a principal  
4 residence. The county treasurer may refund to the participant  
5 the real estate transfer tax or any portion thereof imposed  
6 under chapter 428A.

7 Sec. 8. Section 428A.1, unnumbered paragraph 1, Code 1991,  
8 is amended to read as follows:

9 There is imposed on each deed, instrument, or writing by  
10 which any lands, tenements, or other realty in this state  
11 shall be granted, assigned, transferred, or otherwise  
12 conveyed, a tax determined in the following manner: When  
13 there is no consideration or when the deed instrument or  
14 writing is executed and tendered for recording as an  
15 instrument corrective of title, and so states, there shall be  
16 no tax. When there is consideration and the actual market  
17 value of the real property transferred is in excess of five  
18 hundred dollars, the tax shall be ~~fifty-five-cents~~ one dollar  
19 and ten cents for each five hundred dollars or fractional part  
20 of five hundred dollars in excess of five hundred dollars.  
21 The term "consideration" as used in this chapter, means the  
22 full amount of the actual sale price of the real property  
23 involved, paid or to be paid, including the amount of an  
24 incumbrance or lien on the property, whether assumed or not by  
25 the grantee. It shall be presumed that the sale price so  
26 stated shall include the value of all personal property  
27 transferred as part of the sale unless the dollar value of  
28 said personal property is stated on the instrument of  
29 conveyance. When the dollar value of the personal property  
30 included in the sale is so stated, it shall be deducted from  
31 the consideration shown on the instrument for the purpose of  
32 determining the tax.

33 Sec. 9. Section 428A.8, Code 1991, is amended to read as  
34 follows:

35 428A.8 REMITTANCE TO STATE TREASURER -- PORTION RETAINED

1 IN COUNTY.

2 On or before the tenth day of each month the county  
3 recorder shall determine and pay to the treasurer of state  
4 ~~seventy-five~~ thirty-seven and one-half percent of the receipts  
5 from the real estate transfer tax collected during the  
6 preceding month and the treasurer of state shall deposit the  
7 receipts in the general fund of the state. The county  
8 recorder shall pay to the Iowa finance authority fifty percent  
9 of the receipts to be deposited in the housing trust fund  
10 established under section 220.100.

11 The county recorder shall deposit the remaining ~~twenty-five~~  
12 twelve and one-half percent of the receipts in the county  
13 general fund.

14 The county recorder shall keep records and make reports  
15 with respect to the real estate transfer tax as the director  
16 of revenue and finance prescribes.

17 EXPLANATION

18 This bill creates the home ownership made easy program to  
19 provide potential home buyers a method of accumulating funds  
20 sufficient for a down payment on a home. A person makes  
21 deposits with the treasurer of state which are invested by the  
22 treasurer, purchases bonds from the Iowa finance authority, or  
23 deposits money in the home ownership made easy investment  
24 pool. The bill also provides that the real estate transfer  
25 tax is increased to \$1.10 per \$500 of actual market value with  
26 the additional revenue deposited with the Iowa finance  
27 authority.

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Riordan, Ch.  
Running  
Kramer

SSB 345  
Small Business/Economic  
Development

SENATE FILE 519  
BY (PROPOSED COMMITTEE ON SMALL  
BUSINESS AND ECONOMIC DEVELOP-  
MENT BILL BY CHAIRPERSON RIORDAN)

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

### A BILL FOR

1 An Act relating to funding for the Iowa finance authority housing  
2 trust fund, establishing the Iowa home ownership made easy  
3 program, and increasing the real estate transfer tax.

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

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1 Section 1. NEW SECTION. 220B.1 TITLE.

2 This chapter may be cited as the home ownership made easy  
3 Act.

4 Sec. 2. NEW SECTION. 220B.2 PURPOSE AND INTENT.

5 The general assembly finds and declares that for the  
6 benefit of the people of Iowa, a program shall be established  
7 to help make the dream of home ownership a reality for more of  
8 this state's citizens. It has come to the attention of the  
9 general assembly that there is a growing gap between housing  
10 affordability for eligible home buyers and housing  
11 affordability for persons who presently own the homes in which  
12 they live, and that increased demand by mortgage lenders for a  
13 greater amount of money as a down payment on a home is a  
14 significant barrier to home ownership for many persons in this  
15 state. The general assembly recognizes that increasing owner-  
16 occupied housing has many benefits for the communities in this  
17 state and that owning one's own home is a worthwhile goal and  
18 a goal which the general assembly wishes to help many of this  
19 state's citizens attain. It is the intent of the general  
20 assembly to provide to potential purchasers of homes in this  
21 state a method of accumulating, over a period of years, funds  
22 sufficient to make a down payment on a home which those  
23 persons would otherwise be unable to purchase.

24 Sec. 3. NEW SECTION. 220B.3 DEFINITIONS.

25 1. "Eligible home buyer" means a person eighteen years of  
26 age or older who has not as a sole owner, tenant in common, or  
27 joint tenant with right of survivorship, held a fee simple  
28 absolute or other ownership interest in residential real  
29 estate within two years before beginning participation in the  
30 program.

31 2. "Fund" means the home ownership made easy investment  
32 fund created by section 220B.5, subsection 2.

33 3. "Participant" means each eligible home buyer  
34 participating in the home ownership made easy program created  
35 by section 220B.4.

1 4. "Program" means the home ownership made easy program.

2 5. "Residential real estate" means up to a two unit  
3 dwelling, one unit of which is owner occupied.

4 Sec. 4. NEW SECTION. 220B.4 HOME OWNERSHIP MADE EASY  
5 PROGRAM.

6 The home ownership made easy program is created under the  
7 administration of the treasurer of state. The treasurer of  
8 state shall adopt rules for the efficient administration of  
9 the program including providing for the expenses of  
10 administering the program.

11 Sec. 5. NEW SECTION. 220B.5 PARTICIPATION IN THE  
12 PROGRAM.

13 1. A person may participate in the program by making  
14 periodic deposits of money with the treasurer of state.  
15 Deposits may be made monthly, quarterly, or semiannually, or  
16 may be made through a payroll deduction plan administered by  
17 the eligible home buyer's employer. The initial deposit shall  
18 be in an amount not less than two hundred fifty dollars for  
19 each alternative investment. Subsequent deposits may be in  
20 any amount subject to rules adopted by the treasurer of state.

21 Banks and savings and loan associations which apply to and  
22 are approved by the treasurer of state shall serve as  
23 information distribution centers and sales agents on behalf of  
24 the program.

25 2. All moneys received by the treasurer of state under  
26 this chapter shall be deposited in the home ownership made  
27 easy investment fund. The treasurer of state shall be the  
28 custodian of the fund, which shall be outside the state  
29 treasury. The treasurer of state shall invest the moneys  
30 deposited in the fund by each eligible home buyer  
31 participating in the program in one or more of the following  
32 ways, according to the direction of the participant:

33 a. By depositing the moneys in a single money market  
34 mutual fund or account selected by the treasurer of state  
35 which invests solely in securities the income of which is

1 exempt from taxation by the United States government.

2 b. By depositing the moneys in a single money market  
3 mutual fund or account selected by the treasurer of state  
4 which invests solely in marketable securities rated in the top  
5 four rating categories by national rating services and  
6 designated as "investment grade" or "bank quality" investment  
7 securities.

8 c. By purchasing, for the participant, bonds issued by the  
9 Iowa finance authority under section 220B.6.

10 d. By depositing the moneys in a home ownership made easy  
11 investment pool, which moneys may then be invested in the same  
12 manner, in the same types of investments, and subject to the  
13 same limitations provided for the investment of funds in the  
14 state treasury, except that at all times at least twenty  
15 percent of the funds invested shall be invested in banks and  
16 savings and loan associations in this state to supplement and  
17 enhance the investment opportunities otherwise available under  
18 this subsection.

19 3. A participant may withdraw moneys deposited and  
20 invested under subsection 2, paragraph "a", "b", or "d"  
21 subject to the following restrictions:

22 a. Withdrawal of moneys shall not be made until after six  
23 months from the date the participant's initial deposit is  
24 received by the treasurer of state.

25 b. No more than two withdrawals may be made in any twelve-  
26 month period.

27 c. If the participant gives the treasurer of state less  
28 than fourteen days prior notice that the participant intends  
29 to make a withdrawal, a penalty of five percent of the amount  
30 withdrawn shall be assessed. Notice of a participant's  
31 intention to make a withdrawal shall be given according to  
32 rules adopted by the treasurer of state.

33 4. A participant may direct the treasurer of state to  
34 transfer funds among alternative investments. The transfer  
35 notice is subject to the notice of withdrawal requirements of

1 subsection 3 and the participant may exercise this right once  
2 annually, on the anniversary date of participation.

3 Sec. 6. NEW SECTION. 220B.6 HOME OWNERSHIP MADE EASY  
4 (HOME) BONDS.

5 1. Bonds issued to accomplish the purposes of the program,  
6 to be known as home ownership made easy (HOME) bonds, shall be  
7 issued by the Iowa finance authority, and shall bear interest  
8 payable at such time or times and may be sold at such prices  
9 and in such manner as provided by law.

10 2. All HOME bonds shall be purchased from the treasurer of  
11 state and shall be issued as provided by law.

12 3. HOME bonds shall be issued in a total aggregate  
13 original principal amount not to exceed fifty million dollars.

14 4. Every HOME bond shall be issued in the face amount of  
15 one thousand dollars and shall mature at least three years  
16 from the date of issuance, as elected by the purchaser.

17 However, interest at the rate borne by each HOME bond prior to  
18 its maturity shall continue to accrue after its maturity until  
19 the HOME bond is paid or redeemed.

20 5. HOME bonds issued under this section, and the income  
21 derived therefrom, shall not be subject to taxation by the  
22 state or a political subdivision of the state except for  
23 estate, inheritance, or transfer taxes.

24 Sec. 7. NEW SECTION. 220B.7 PROGRAM BENEFITS.

25 1. When a program participant terminates participation in  
26 the program, the treasurer of state shall certify to the  
27 department of revenue and finance and the Iowa finance  
28 authority all of the following:

29 a. That the participant is an eligible home buyer.

30 b. That within four months after termination of  
31 participation in the program the participant became the owner,  
32 as sole owner, tenant in common, or joint tenant with right of  
33 survivorship, of a fee simple absolute interest in real estate  
34 located in this state and occupied by the participant as a  
35 principal residence.

1 c. That at least one of the following has occurred:

2 (1) For a period of three years immediately preceding  
3 termination of participation in the program, the participant  
4 deposited moneys with the treasurer of state for investment  
5 under section 220B.5, subsection 2, paragraph "a", "b", or  
6 "d", at least two deposits were made in each twelve-month  
7 period during that three-year period, and the total amount  
8 deposited, minus withdrawals, in each twelve-month period  
9 equals at least twenty percent of the total amount deposited,  
10 minus withdrawals.

11 (2) For a period of five years immediately preceding  
12 termination of participation in the program, the participant  
13 deposited moneys with the treasurer of state for investment  
14 under section 220B.5, subsection 2, paragraph "a", "b", or  
15 "d", at least two deposits were made in each twelve-month  
16 period during that five-year period, and the total amount  
17 deposited, minus withdrawals, in each twelve-month period  
18 equals at least ten percent of the total amount deposited,  
19 minus withdrawals.

20 (3) The participant purchased HOME bonds in the total  
21 aggregate face amount of not less than four thousand dollars,  
22 was the original purchaser of those bonds, and held the bonds  
23 to maturity or later.

24 2. A participant who is certified by the treasurer of  
25 state under subsection 1 as having met all of the requirements  
26 of that subsection shall:

27 a. Have refunded to the participant the tax, imposed under  
28 the real estate transfer tax imposed under chapter 428A, upon  
29 the participant's purchase of a principal residence.

30 b. Have priority, over persons who are not so certified,  
31 under the residential mortgage interest reduction program  
32 under section 220.81.

33 3. At the request of the participant, a participant who is  
34 certified by the treasurer of state under subsection 1 as  
35 having met all of the requirements of that subsection may also

1 be certified by the treasurer of state to the treasurer of the  
2 county in which the participant has purchased a principal  
3 residence. The county treasurer may refund to the participant  
4 the real estate transfer tax or any portion thereof imposed  
5 under chapter 428A.

6 Sec. 8. Section 428A.1, unnumbered paragraph 1, Code 1991,  
7 is amended to read as follows:

8 There is imposed on each deed, instrument, or writing by  
9 which any lands, tenements, or other realty in this state  
10 shall be granted, assigned, transferred, or otherwise  
11 conveyed, a tax determined in the following manner: When  
12 there is no consideration or when the deed instrument or  
13 writing is executed and tendered for recording as an  
14 instrument corrective of title, and so states, there shall be  
15 no tax. When there is consideration and the actual market  
16 value of the real property transferred is in excess of five  
17 hundred dollars, the tax shall be fifty-five-cents one dollar  
18 for each five hundred dollars or fractional part of five  
19 hundred dollars in excess of five hundred dollars. The term  
20 "consideration" as used in this chapter, means the full amount  
21 of the actual sale price of the real property involved, paid  
22 or to be paid, including the amount of an incumbrance or lien  
23 on the property, whether assumed or not by the grantee. It  
24 shall be presumed that the sale price so stated shall include  
25 the value of all personal property transferred as part of the  
26 sale unless the dollar value of said personal property is  
27 stated on the instrument of conveyance. When the dollar value  
28 of the personal property included in the sale is so stated, it  
29 shall be deducted from the consideration shown on the  
30 instrument for the purpose of determining the tax.

31 Sec. 9. Section 428A.8, Code 1991, is amended to read as  
32 follows:

33 428A.8 REMITTANCE TO STATE TREASURER -- PORTION RETAINED  
34 IN COUNTY.

35 On or before the tenth day of each month the county

1 recorder shall determine and pay to the treasurer of state  
2 ~~seventy-five~~ forty-one and one-quarter percent of the receipts  
3 from the real estate transfer tax collected during the  
4 preceding month and the treasurer of state shall deposit the  
5 receipts in the general fund of the state. The county  
6 recorder shall pay to the Iowa finance authority forty-five  
7 percent of the receipts to be deposited in the housing trust  
8 fund established under section 220.100.

9 The county recorder shall deposit the remaining ~~twenty-five~~  
10 thirteen and three-quarters percent of the receipts in the  
11 county general fund.

12 The county recorder shall keep records and make reports  
13 with respect to the real estate transfer tax as the director  
14 of revenue and finance prescribes.

15 EXPLANATION

16 This bill creates the home ownership made easy program to  
17 provide potential home buyers a method of accumulating funds  
18 sufficient for a down payment on a home. A person makes  
19 deposits with the treasurer of state which are invested by the  
20 treasurer, purchases bonds from the Iowa finance authority, or  
21 deposits money in the home ownership made easy investment  
22 pool. The bill also provides that the real estate transfer  
23 tax is increased to one dollar per five hundred dollars of  
24 actual market value with the additional revenue deposited with  
25 the Iowa finance authority.

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RIORDAN, ET.  
RUNNING  
KRAMER

SSB 345.1  
SMALL BUSINESS / ECONOMIC  
DEVELOPMENT

SENATE FILE 509  
BY (PROPOSED COMMITTEE ON SMALL  
BUSINESS AND ECONOMIC DEVELOP-  
MENT BILL BY CHAIRPERSON RIORDAN)

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

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25 1. "Eligible home buyer" means a person eighteen years of  
26 age or older who has not as a sole owner, tenant in common, or  
27 joint tenant with right of survivorship, held a fee simple  
28 absolute or other ownership interest in residential real  
29 estate within two years before beginning participation in the  
30 program.

31 2. "Fund" means the home ownership made easy investment  
32 fund created by section 220B.5, subsection 2.

33 3. "Participant" means each eligible home buyer  
34 participating in the home ownership made easy program created  
35 by section 220B.4.

1 4. "Program" means the home ownership made easy program.

2 5. "Residential real estate" means up to a two unit  
3 dwelling, one unit of which is owner occupied.

4 Sec. 4. NEW SECTION. 220B.4 HOME OWNERSHIP MADE EASY  
5 PROGRAM.

6 The home ownership made easy program is created under the  
7 administration of the Iowa finance authority. The Iowa  
8 finance authority shall adopt rules for the efficient  
9 administration of the program including providing for the  
10 expenses of administering the program.

11 Sec. 5. NEW SECTION. 220B.5 PARTICIPATION IN THE  
12 PROGRAM.

13 1. A person may participate in the program by making  
14 periodic deposits of money with the Iowa finance authority.  
15 Deposits may be made monthly, quarterly, or semiannually, or  
16 may be made through a payroll deduction plan administered by  
17 the eligible home buyer's employer. The initial deposit shall  
18 be in an amount not less than two hundred fifty dollars for  
19 each alternative investment. Subsequent deposits may be in  
20 any amount subject to rules adopted by the Iowa finance  
21 authority.

22 Banks and savings and loan associations which apply to and  
23 are approved by the Iowa finance authority shall serve as  
24 information distribution centers and sales agents on behalf of  
25 the program.

26 2. All moneys received by the Iowa finance authority under  
27 this chapter shall be deposited in the home ownership made  
28 easy investment fund. The Iowa finance authority shall be the  
29 custodian of the fund, which shall be outside the state  
30 treasury. The Iowa finance authority shall invest the moneys  
31 deposited in the fund by each eligible home buyer  
32 participating in the program in one or more of the following  
33 ways, according to the direction of the participant:

34 a. By depositing the moneys in a single money market  
35 mutual fund or account selected by the Iowa finance authority

1 which invests solely in securities the income of which is  
2 exempt from taxation by the United States government.

3 b. By depositing the moneys in a single money market  
4 mutual fund or account selected by the Iowa finance authority  
5 which invests solely in marketable securities rated in the top  
6 four rating categories by national rating services and  
7 designated as "investment grade" or "bank quality" investment  
8 securities.

9 c. By purchasing, for the participant, bonds issued by the  
10 Iowa finance authority under section 220B.6.

11 d. By depositing the moneys in a home ownership made easy  
12 investment pool, which moneys may then be invested in the same  
13 manner, in the same types of investments, and subject to the  
14 same limitations provided for the investment of funds in the  
15 state treasury, except that at all times at least twenty  
16 percent of the funds invested shall be invested in banks and  
17 savings and loan associations in this state to supplement and  
18 enhance the investment opportunities otherwise available under  
19 this subsection.

20 3. A participant may withdraw moneys deposited and  
21 invested under subsection 2, paragraph "a", "b", or "d"  
22 subject to the following restrictions:

23 a. Withdrawal of moneys shall not be made until after six  
24 months from the date the participant's initial deposit is  
25 received by the Iowa finance authority.

26 b. No more than two withdrawals may be made in any twelve-  
27 month period.

28 c. If the participant gives the Iowa finance authority  
29 less than fourteen days prior notice that the participant  
30 intends to make a withdrawal, a penalty of five percent of the  
31 amount withdrawn shall be assessed. Notice of a participant's  
32 intention to make a withdrawal shall be given according to  
33 rules adopted by the Iowa finance authority.

34 4. A participant may direct the Iowa finance authority to  
35 transfer funds among alternative investments. The transfer

1 notice is subject to the notice of withdrawal requirements of  
2 subsection 3 and the participant may exercise this right once  
3 annually, on the anniversary date of participation.

4 Sec. 6. NEW SECTION. 220B.6 HOME OWNERSHIP MADE EASY  
5 (HOME) BONDS.

6 1. Bonds issued to accomplish the purposes of the program,  
7 to be known as home ownership made easy (HOME) bonds, shall be  
8 issued by the Iowa finance authority, and shall bear interest  
9 payable at such time or times and may be sold at such prices  
10 and in such manner as provided by law.

11 2. All HOME bonds shall be purchased from the treasurer of  
12 state and shall be issued as provided by law.

13 3. HOME bonds shall be issued in a total aggregate  
14 original principal amount not to exceed fifty million dollars.

15 4. Every HOME bond shall be issued in the face amount of  
16 one thousand dollars and shall mature at least three years  
17 from the date of issuance, as elected by the purchaser.

18 However, interest at the rate borne by each HOME bond prior to  
19 its maturity shall continue to accrue after its maturity until  
20 the HOME bond is paid or redeemed.

21 5. HOME bonds issued under this section, and the income  
22 derived therefrom, shall not be subject to taxation by the  
23 state or a political subdivision of the state except for  
24 estate, inheritance, or transfer taxes.

25 Sec. 7. NEW SECTION. 220B.7 PROGRAM BENEFITS.

26 1. When a program participant terminates participation in  
27 the program, the Iowa finance authority shall certify to the  
28 department of revenue and finance and the Iowa finance  
29 authority all of the following:

30 a. That the participant is an eligible home buyer.

31 b. That within four months after termination of  
32 participation in the program the participant became the owner,  
33 as sole owner, tenant in common, or joint tenant with right of  
34 survivorship, of a fee simple absolute interest in real estate  
35 located in this state and occupied by the participant as a

1 principal residence.

2 c. That at least one of the following has occurred:

3 (1) For a period of three years immediately preceding  
4 termination of participation in the program, the participant  
5 deposited moneys with the Iowa finance authority for  
6 investment under section 220B.5, subsection 2, paragraph "a",  
7 "b", or "d", at least two deposits were made in each twelve-  
8 month period during that three-year period, and the total  
9 amount deposited, minus withdrawals, in each twelve-month  
10 period equals at least twenty percent of the total amount  
11 deposited, minus withdrawals.

12 (2) For a period of five years immediately preceding  
13 termination of participation in the program, the participant  
14 deposited moneys with the Iowa finance authority for  
15 investment under section 220B.5, subsection 2, paragraph "a",  
16 "b", or "d", at least two deposits were made in each twelve-  
17 month period during that five-year period, and the total  
18 amount deposited, minus withdrawals, in each twelve-month  
19 period equals at least ten percent of the total amount  
20 deposited, minus withdrawals.

21 (3) The participant purchased HOME bonds in the total  
22 aggregate face amount of not less than four thousand dollars,  
23 was the original purchaser of those bonds, and held the bonds  
24 to maturity or later.

25 2. A participant who is certified by the Iowa finance  
26 authority under subsection 1 as having met all of the  
27 requirements of that subsection shall:

28 a. Have refunded to the participant the tax, imposed under  
29 the real estate transfer tax imposed under chapter 428A, upon  
30 the participant's purchase of a principal residence.

31 b. Have priority, over persons who are not so certified,  
32 under the residential mortgage interest reduction program  
33 under section 220.81.

34 3. At the request of the participant, a participant who is  
35 certified by the Iowa finance authority under subsection 1 as

1 having met all of the requirements of that subsection may also  
2 be certified by the Iowa finance authority to the treasurer of  
3 the county in which the participant has purchased a principal  
4 residence. The county treasurer may refund to the participant  
5 the real estate transfer tax or any portion thereof imposed  
6 under chapter 428A.

7 Sec. 8. Section 428A.1, unnumbered paragraph 1, Code 1991,  
8 is amended to read as follows:

9 There is imposed on each deed, instrument, or writing by  
10 which any lands, tenements, or other realty in this state  
11 shall be granted, assigned, transferred, or otherwise  
12 conveyed, a tax determined in the following manner: When  
13 there is no consideration or when the deed instrument or  
14 writing is executed and tendered for recording as an  
15 instrument corrective of title, and so states, there shall be  
16 no tax. When there is consideration and the actual market  
17 value of the real property transferred is in excess of five  
18 hundred dollars, the tax shall be ~~fifty-five-cents~~ one dollar  
19 for each five hundred dollars or fractional part of five  
20 hundred dollars in excess of five hundred dollars. The term  
21 "consideration" as used in this chapter, means the full amount  
22 of the actual sale price of the real property involved, paid  
23 or to be paid, including the amount of an incumbrance or lien  
24 on the property, whether assumed or not by the grantee. It  
25 shall be presumed that the sale price so stated shall include  
26 the value of all personal property transferred as part of the  
27 sale unless the dollar value of said personal property is  
28 stated on the instrument of conveyance. When the dollar value  
29 of the personal property included in the sale is so stated, it  
30 shall be deducted from the consideration shown on the  
31 instrument for the purpose of determining the tax.

32 Sec. 9. Section 428A.8, Code 1991, is amended to read as  
33 follows:

34 428A.8 REMITTANCE TO STATE TREASURER --- PORTION RETAINED  
35 IN COUNTY.

1 On or before the tenth day of each month the county  
2 recorder shall determine and pay to the treasurer of state  
3 seventy-five forty-one and one-quarter percent of the receipts  
4 from the real estate transfer tax collected during the  
5 preceding month and the treasurer of state shall deposit the  
6 receipts in the general fund of the state. The county  
7 recorder shall pay to the Iowa finance authority forty-five  
8 percent of the receipts to be deposited in the housing trust  
9 fund established under section 220.100.

10 The county recorder shall deposit the remaining twenty-five  
11 thirteen and three-quarters percent of the receipts in the  
12 county general fund.

13 The county recorder shall keep records and make reports  
14 with respect to the real estate transfer tax as the director  
15 of revenue and finance prescribes.

16 EXPLANATION

17 This bill creates the home ownership made easy program to  
18 provide potential home buyers a method of accumulating funds  
19 sufficient for a down payment on a home. A person makes  
20 deposits with the treasurer of state which are invested by the  
21 treasurer, purchases bonds from the Iowa finance authority, or  
22 deposits money in the home ownership made easy investment  
23 pool. The bill also provides that the real estate transfer  
24 tax is increased to one dollar per five hundred dollars of  
25 actual market value with the additional revenue deposited with  
26 the Iowa finance authority.

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