



SF 325 – Real Estate Transfer Tax (LSB2482XS)
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Fiscal Note Version – New

Description

[Senate File 325](#) makes changes to the distribution of Real Estate Transfer Tax revenue. The change is effective July 1, 2019.

Background

The Real Estate Transfer Tax is imposed in Iowa Code chapter [428A](#). The tax applies to all transfers of real estate where the market value of the transferred property exceeds \$500. The tax rate is \$0.80 for each (or fractional part of) \$500 of the sales price. The tax is collected by the county recorder. The county retains 17.25% of the tax and remits the remaining 82.75% to the State Treasurer. Current law distributes the State share of the tax revenue as follows:

- State General Fund: 65.0%.
- [Shelter Assistance Fund](#): 5.0%.
- [Housing Trust Fund](#): 30.0%, up to a maximum of \$3.0 million per year.
- General Fund: Any remaining revenue.

The Bill changes the distribution to 55.0% to the State General Fund; 35.0% to the Housing Trust Fund; and 10.0% to the Shelter Assistance Fund. The limitation on the maximum amount that may be transferred to the Housing Trust Fund is removed.

Assumption

The State portion of Real Estate Transfer Tax revenue equaled \$17,127,264 for FY 2008 and \$23,378,757 for FY 2018. The average annual growth rate over the 10-year period was 3.16%. That growth rate is assumed for future fiscal years.

Fiscal Impact

The proposed change in the distribution of Real Estate Transfer Tax revenue is projected to reduce State General Fund revenue and increase Housing Trust Fund and Shelter Assistance Fund revenue by the amounts listed in the following table. The revenue increases and decreases continue in future fiscal years.

Estimated Tax Revenue Changes

In Millions

Fiscal Year	Housing Trust Fund	Shelter Assistance Fund	State General Fund
FY 2020	\$ 5.7	\$ 1.2	\$ -6.9
FY 2021	6.0	1.3	-7.3
FY 2022	6.3	1.3	-7.6
FY 2023	6.6	1.4	-8.0
FY 2024	6.9	1.4	-8.3
FY 2025	7.2	1.5	-8.7
FY 2026	7.5	1.5	-9.0

Sources

State accounting records
Legislative Services Agency analysis

/s/ Holly M. Lyons

March 25, 2019

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
