



[SF 2307](#) – Veterans Trust Fund, Home Ownership Assistance (LSB5480SV)
Staff Contact: Kenneth Ohms (515.725.2200) kenneth.ohms@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 2307](#) amends the Veterans Trust Fund (VTF) to appropriate any unobligated or unexpended funds from the spendable portion of the VTF at the end of the fiscal year to the Iowa Finance Authority for the Veterans Home Ownership Program in the succeeding fiscal year.

Background

The [Veterans Home Ownership Program](#) provides a \$5,000 grant to a service member for a down payment and closing costs toward the purchase of a new home in the State of Iowa.

Iowa Code section [35A.13](#)(4)(a) appropriates \$500,000 from the Lottery Fund transfer of \$2.5 million to the VTF, and any interest earned on the VTF to the Commission for services specified in Iowa Code section [35A.13](#)(6). The appropriation requires that funds unexpended or unobligated at the end of the fiscal year revert to the VTF.

Assumptions

- The full amount of the lottery transfer is spent annually on services. Once that amount is spent, the Commission then spends the interest earned.
- Monthly reports and the State accounting system indicate that the interest has not reverted to the principal of the VTF and has remained in the spendable portion of the Fund to be spent on awards in succeeding fiscal years. Approximately \$568,000 of interest income was brought forward into FY 2020.
- The VTF has earned \$279,000 in interest income through the first seven months of FY 2020. There will likely be another \$200,000 earned by the end of FY 2020.
- The Commission has not yet made any awards from the interest in the VTF in FY 2020. Based on previous fiscal year averages, an estimated \$262,000 will be awarded from the interest in FY 2020.

Fiscal Impact

[Senate File 2307](#) will result in the appropriation of an estimated \$785,000 from the VTF to the Home Ownership Assistance Program in FY 2021.

Due to the variability of interest earned on the VTF, and the practice of retaining interest earned each fiscal year, increasing the spending power from the VTF, estimating a future appropriation to the Home Ownership Assistance Program is difficult. For FY 2022 and years thereafter, based on three-year averages of spending and interest, an estimated \$240,000 could be transferred.

Sources

Department of Veterans Affairs
LSA analysis and calculations

/s/ Holly M. Lyons

February 24, 2020

Doc ID 1130992

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.

www.legis.iowa.gov