



SF 612 – Real Estate Transfer Tax (LSB2823SV)
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 Fiscal Note Version – New

Description

[Senate File 612](#) increases the annual \$3.0 million cap placed on the transfer of the real estate transfer tax receipts to the Housing Trust Fund to \$5.5 million, effective July 1, 2022.

Background

The [real estate transfer tax](#) is imposed on the transfer of real estate in the State. The tax is equal to \$0.80 per \$500 (or any fractional part of \$500) of consideration paid as part of or a condition of the property transfer. As examples, the transfer of a \$1,200 property would incur a tax of \$2.40, while the transfer of a \$1.0 million property would incur a tax of \$1,600.

The tax is paid to the county. Iowa Code section [428A.8](#) controls the division of the tax revenue. The county retains 17.25% of the tax revenue for deposit in the county general fund. The county remits the remaining 82.75% to the State. The State portion is deposited as follows:

- 30.0% to the [Housing Trust Fund](#) up to a limit of \$3.0 million each fiscal year.
- 5.0% to the [Shelter Assistance Fund](#).
- 65.0%, plus any Housing Trust Fund revenue in excess of \$3.0 million, to the General Fund.

The following table provides a history of real estate transfer tax deposits to State funds for the past four fiscal years.

| Real Estate Transfer Tax Revenue, State Portion | | | | |
|--|----------------|----------------|----------------|----------------|
| In Millions | | | | |
| Fund | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Housing Trust Fund | \$ 3.0 | \$ 3.0 | \$ 3.0 | \$ 3.0 |
| Shelter Assistance Fund | 1.1 | 1.2 | 1.2 | 1.2 |
| State General Fund | 18.6 | 19.2 | 19.1 | 20.3 |
| Total | \$ 22.7 | \$ 23.4 | \$ 23.3 | \$ 24.5 |

Assumptions

Based on an average annual growth rate from FY 2007 to FY 2020 of 2.3%, the real estate transfer tax will produce \$25.7 million in revenue in FY 2022, of which 30.0% (estimated at \$7.7 million) will be deposited into the Housing Trust Fund.

Fiscal Impact

Increasing the Housing Trust Fund’s annual \$3.0 million real estate tax revenue limit to \$5.5 million is estimated to increase Housing Trust Fund revenue and reduce net General Fund revenue by \$2.5 million annually beginning in FY 2022.

Sources

Legislative Services Agency
Iowa Department of Revenue

/s/ Holly M. Lyons

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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.

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