



[HF 2188](#) – Real Estate Transfer Tax, Housing Trust Fund (LSB5440HV)  
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 Fiscal Note Version – New

**Description**

[House File 2188](#) removes the \$7.0 million cap on annual deposits from the Real Estate Transfer Tax to the Housing Trust Fund.

**Background**

The Real Estate Transfer Tax is imposed on the transfer of real estate in the State and is based on the assessed value of home sales. 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, with the first \$500 being exempt. The tax is paid to the county. The county retains 17.25% of the tax revenue for deposit into the county general fund. The county remits the remaining 82.75% to the State. Under current law, the State portion of the tax is deposited as follows:

- 30.0% to the Housing Trust Fund, up to a limit of \$7.0 million.
- 5.0% to the Shelter Assistance Fund.
- 65.0%, plus any Housing Trust Fund revenue in excess of the \$7.0 million cap, to the State General Fund.

Moneys in the Housing Trust Fund are annually appropriated to the Iowa Finance Authority to be used for the development and preservation of affordable housing for low-income persons in the State and for the Iowa Mortgage Help Initiative. **Figure 1** shows the historical distribution of the State’s share of the Real Estate Transfer Tax.

**Figure 1 — Historical Distribution of Real Estate Transfer Tax Revenue**  
(in Millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Housing Trust Fund	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 7.0	\$ 7.0
Shelter Assistance Fund	1.2	1.2	1.2	1.6	2.0	1.6
State General Fund	19.2	19.1	20.3	27.4	36.9	23.4
<b>Total</b>	<b>\$ 23.4</b>	<b>\$ 23.3</b>	<b>\$ 24.5</b>	<b>\$ 32.0</b>	<b>\$ 45.9</b>	<b>\$ 32.0</b>

**Assumptions**

- The supply and demand of housing will remain constant.
- Future Real Estate Transfer Tax receipts will increase by 2.0% each year.

**Fiscal Impact**

House File 2188 eliminates the cap on the Housing Trust Fund so that 30.0% of the Real Estate Transfer Tax receipts would be deposited into the Housing Trust Fund, regardless of the amount. This is estimated to increase funding to the Housing Trust Fund and decrease funding to the General Fund by the amounts in **Figure 2**.

**Figure 2 — Fiscal Impact of HF 2188**  
(in Millions)

	<b>General Fund</b>	<b>Housing Trust Fund</b>
FY 2025	\$ -2.2	\$ 2.2
FY 2026	-2.4	2.4
FY 2027	-2.6	2.6
FY 2028	-2.8	2.8
FY 2029	-2.9	2.9

**Source**

Department of Revenue

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/s/ Jennifer Acton

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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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