

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 358 - Housing Trust Fund, Real Estate Transfer Tax (LSB 2374 HH)
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Fiscal Note Version - New

Description

House File 358 changes the disposition of Real Estate Transfer tax receipts that are deposited in the General Fund. The Bill also provides that Housing Trust Fund be included in the disposition of the Real Estate Transfer tax receipts.

Background

Current law requires that of the Real Estate Transfer tax receipts submitted to the State Treasurer, 95.0% be deposited in the General Fund and 5.0% be deposited in the Shelter Assistance Fund.

House File 358 changes the percentage deposited in the General Fund and requires that the Housing Trust Fund receive \$1.0 million in FY 2009 and \$2.0 million in FY 2010 and beginning in FY 2011, 70.0% of the Real Estate Transfer tax receipts are to be deposited in the General fund and 25.0% in the Housing Trust Fund. The percentage deposited to the Housing Trust Fund would increase by 5.0% each year until it reaches 45.0% in FY 2015. Corresponding changes would be made to the General Fund (reductions of 5.0% each year) until FY 2015 when the percentage deposited to the General Fund will be 50.0%. The percentage deposited in the Shelter Assistance Fund will remain unchanged. The deposit percentages for each of the Funds are as follows:

	<u>General Fund</u>	<u>Housing Trust Fund</u>	<u>Shelter Assist. Fund</u>
FY08	95%	0%	5%
FY09	95% less \$1.0 mill.	\$1.0 mill.	5%
FY10	95% less \$2.0 mill.	\$2.0 mill.	5%
FY11	70%	25%	5%
FY12	65%	30%	5%
FY13	60%	35%	5%
FY14	55%	40%	5%
FY15 and Beyond	50%	45%	5%

Assumptions

Based on the amount of Real Estate Transfer Tax received by the State in FY 2007 (through December 2006) and the current housing market, it is estimated that the FY 2008 Real Estate Transfer tax will remain unchanged from the current estimated FY 2007 amount. For FY 2009 and beyond, the yearly increase is estimated at 5.0%.

Fiscal Impact

The change in the distribution of funds does not begin until FY 2009. The Shelter Assistance Fund will not experience any fiscal impact due to HF 358.

Beginning in FY 2009, General Fund receipts will decrease and Housing Trust Fund receipts will increase due to HF 358 as follows:

	Funds From the Real Estate Transfer Tax		
	General Fund	Housing Trust Fund	Shelter Assistance Fund
FY08 Current Law	\$ 17,297,331	\$ 0	\$ 910,386
FY08 Proposal	\$ 17,297,331	\$ 0	\$ 910,386
FY08 Impact	\$ 0	\$ 0	\$ 0
FY09 Current Law	\$ 18,162,197	\$ 0	\$ 955,905
FY09 Proposal	\$ 17,162,197	\$ 1,000,000	\$ 955,905
FY09 Impact	\$ - 1,000,000	\$ 1,000,000	\$ 0
FY10 Current Law	\$ 19,070,307	\$ 0	\$ 1,003,700
FY10 Proposal	\$ 17,070,307	\$ 2,000,000	\$ 1,003,700
FY10 Impact	\$ - 2,000,000	\$ 2,000,000	\$ 0
FY11 Current Law	\$ 20,023,822	\$ 0	\$ 1,053,885
FY11 Proposal	\$ 14,754,395	\$ 5,269,427	\$ 1,053,885
FY11 Impact	\$ - 5,269,427	\$ 5,269,427	\$ 0
FY12 Current Law	\$ 21,025,013	\$ 0	\$ 1,106,580
FY12 Proposal	\$ 14,385,536	\$ 6,639,478	\$ 1,106,580
FY12 Impact	\$ - 6,639,478	\$ 6,639,478	\$ 0
FY13 Current Law	\$ 22,076,264	\$ 0	\$ 1,161,909
FY13 Proposal	\$ 13,942,904	\$ 8,133,360	\$ 1,161,909
FY13 Impact	\$ - 8,133,360	\$ 8,133,360	\$ 0
FY14 Current Law	\$ 23,180,077	\$ 0	\$ 1,220,004
FY14 Proposal	\$ 13,420,045	\$ 9,760,033	\$ 1,220,004
FY14 Impact	\$ - 9,760,033	\$ 9,760,033	\$ 0
FY15 Current Law	\$ 24,339,081	\$ 0	\$ 1,281,004
FY15 Proposal	\$ 12,810,043	\$ 11,529,038	\$ 1,281,004
FY15 Impact	\$ - 11,529,038	\$ 11,529,038	\$ 0

Source

LSA Estimates

/s/ Holly M. Lyons

February 28, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
