

MAR 28 1995

LOCAL GOVERNMENT

HOUSE FILE 546

BY GRUNDBERG

Passed House, Date _____ Passed Senate, Date _____
 Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to the use by the county of revenues from the
 2 state real estate transfer tax for low or moderate income
 3 family housing.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 546

1 Section 1. Section 428A.8, Code 1995, is amended to read
2 as follows:

3 428A.8 REMITTANCE TO STATE TREASURER -- PORTION RETAINED
4 IN COUNTY.

5 On or before the tenth day of each month the county
6 recorder shall determine and pay to the treasurer of state
7 eighty-two and three-fourths percent, except as otherwise
8 provided in this section, of the receipts from the real estate
9 transfer tax collected during the preceding month and the
10 treasurer of state shall deposit ninety-five percent of the
11 receipts in the general fund of the state and transfer five
12 percent of the receipts to the Iowa finance authority for
13 deposit in the housing improvement fund created in section
14 16.100.

15 The county recorder shall deposit the remaining seventeen
16 and one-fourth percent of the receipts in the county general
17 fund. However, the county may retain up to fifty percent of
18 the total receipts from the real estate transfer tax if the
19 county deposits the original seventeen and one-fourth percent
20 and any additional amounts retained into a low or moderate
21 income family housing account to be used solely for purposes
22 of providing for or assisting in the providing of housing for
23 low or moderate income families, as defined in section 16.1.
24 Receipts deposited into a low or moderate income family
25 housing account shall be used for programs similar to those
26 described in section 16.100.

27 The county recorder shall keep records and make reports
28 with respect to the real estate transfer tax as the director
29 of revenue and finance prescribes.

30 EXPLANATION

31 Present law allows the county to deposit 17.25 percent of
32 the receipts from the state real estate transfer tax in its
33 general fund. The bill allows the county to retain up to 50
34 percent of the receipts if all the amounts retained, including
35 the original 17.25 percent, are deposited in an account to be

1 used solely to provide or assist in providing housing for low
2 or moderate income families. "Low or moderate income
3 families" are those who cannot afford to pay enough to cause
4 private enterprise in their locality to build an adequate
5 supply of decent, safe, and sanitary dwellings for their use.

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HOUSE FILE 546
FISCAL NOTE

A fiscal note for House File 546 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 546 allows counties to retain up to 50.0% of the receipts of the real estate transfer tax if all amounts retained are deposited in an account to be used solely to provide or assist in providing housing for low or moderate income families. Current law allows the counties to retain 17.25% of the receipts for use in the counties general fund. Of the balance of 82.75%, 95.0% is deposited into the General Fund of the State and 5.0% is deposited to the Housing Improvement Fund of the Iowa Finance Authority.

ASSUMPTIONS

1. Over the past three years, the average receipts from the real estate transfer tax have equaled \$8.5 million.
2. Under current law the counties have retained an average of \$1.5 million each of the last three years.
3. If all counties had been participating in the proposed change they would have retained \$4.3 million and the State General Fund would have lost \$2.9 million.
4. The receipts from this tax have increased nearly \$1.0 million annually over the past three years.

FISCAL EFFECT

The potential costs to the State General Fund will be between \$3.0 million and \$3.8 million in FY 1996, if all counties participate. (LSB 2432hh, DPW)

FILED MARCH 28, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR