

SENATE FILE 227

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DVORSKY, DEARDEN, BLACK, and
GRONSTAL

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

A BILL FOR

1 An Act establishing a housing trust fund and providing for the
2 transfer of certain moneys to the fund.

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

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1 Section 1. Section 15.349, Code 2001, is amended to read
2 as follows:

3 15.349 SHELTER ASSISTANCE FUND.

4 A shelter assistance fund is created as a revolving fund in
5 the state treasury under the control of the department
6 consisting of any moneys appropriated by the general assembly
7 and received ~~under section 428A-8~~ pursuant to section 16.181
8 for purposes of the construction, rehabilitation, expansion,
9 or costs of operations of group home shelters for the homeless
10 and domestic violence shelters. Of the moneys in the fund,
11 not less than five hundred forty-six thousand dollars shall be
12 spent annually on homeless shelter projects. Notwithstanding
13 section 8.33, all moneys in the shelter assistance fund which
14 remain unexpended or unobligated at the close of the fiscal
15 year shall not revert to the general fund of the state but
16 shall remain available for expenditure for subsequent fiscal
17 years.

18 Sec. 2. Section 16.91, subsection 1, Code 2001, is amended
19 to read as follows:

20 1. The authority through the title guaranty division shall
21 initiate and operate a program in which the division shall
22 offer guaranties of real property titles in this state. The
23 terms, conditions and form of the guaranty contract shall be
24 forms approved by the division board. The division shall fix
25 a charge for the guaranty in an amount sufficient to permit
26 the program to operate on a self-sustaining basis, including
27 payment of administrative costs and the maintenance of an
28 adequate reserve against claims under the title guaranty
29 program. A title guaranty fund is created in the office of
30 the treasurer of state. Funds collected under this program
31 shall be placed in the title guaranty fund and are available
32 to pay all claims, necessary reserves and all administrative
33 costs of the title guaranty program. ~~Moneys-in-the-fund~~
34 Unencumbered and unobligated moneys remaining in the fund at
35 the end of each fiscal year shall not revert to the general

1 ~~fund and interest, but shall be transferred to the housing~~
2 ~~trust fund established in section 16.181. Interest on the~~
3 ~~moneys in the fund shall be transferred to the department of~~
4 ~~economic development for deposit in the local housing~~
5 ~~assistance program fund established in section 15.354 and~~
6 ~~shall not accrue to the general fund~~ the housing trust fund.
7 If the authority board in consultation with the division board
8 determines that there are surplus funds in the title guaranty
9 fund after providing for adequate reserves and operating
10 expenses of the division, the surplus funds shall be
11 transferred to the ~~housing program fund created pursuant to~~
12 section 16.40 housing trust fund.

13 Sec. 3. Section 16.100, subsection 1, Code 2001, is
14 amended to read as follows:

15 1. A housing improvement fund is created within the
16 authority. The moneys in the housing improvement fund are
17 annually appropriated to the authority which shall allocate
18 the available funds among and within the programs authorized
19 by this section. Notwithstanding section 8.33, unencumbered
20 or unobligated moneys remaining in the fund on June 30 of any
21 fiscal year shall not revert to any other fund but shall be
22 available for expenditure for subsequent fiscal years.
23 Notwithstanding section 12C.7, interest or earnings on moneys
24 in the fund or appropriated to the fund shall be credited to
25 the fund. ~~The authority may expend up to four percent of the~~
26 ~~moneys appropriated for the programs in this section for~~
27 ~~administrative costs of the authority for those programs.~~ The
28 authority may provide financial assistance to a housing
29 sponsor or an individual in the form of loans, guarantees,
30 grants, interest subsidies, or by other means for the programs
31 authorized by this section.

32 Sec. 4. NEW SECTION. 16.181 HOUSING TRUST FUND.

33 1. A housing trust fund is created within the authority
34 and shall be jointly administered by the authority and the
35 department of economic development. The moneys in the housing

1 trust fund are annually appropriated to the authority.
2 Payment of interest, recaptures of awards, or other repayments
3 to the housing trust fund shall be deposited in the fund.
4 Notwithstanding section 12C.7, interest or earnings on moneys
5 in the housing trust fund or appropriated to the fund shall be
6 credited to the fund. Notwithstanding section 8.33,
7 unencumbered and unobligated moneys remaining in the fund at
8 the close of each fiscal year shall not revert but shall
9 remain available for expenditure for the same purposes in the
10 succeeding fiscal year. A state agency shall not charge
11 salary and support expenses to the housing trust fund.

12 2. Moneys in the housing trust fund may be used for any
13 housing program administered by the authority or the
14 department of economic development.

15 Sec. 5. Section 428A.8, unnumbered paragraph 1, Code 2001,
16 is amended to read as follows:

17 On or before the tenth day of each month the county
18 recorder shall determine and pay to the treasurer of state
19 eighty-two and three-fourths percent of the receipts from the
20 real estate transfer tax collected during the preceding month
21 ~~and the.~~ The treasurer of state shall annually deposit
22 ~~ninety-five-percent-of-the-receipts-in-the-general-fund-of-the~~
23 ~~state-and-transfer-five-percent-of-the-receipts-to-the-shelter~~
24 ~~assistance-fund-created-in-section-15-349~~ the first one
25 million twenty-one thousand dollars of receipts in the housing
26 trust fund established in section 16.181. The remaining
27 receipts collected in any fiscal year shall be deposited in
28 the general fund of the state.

29 Sec. 6. Section 543B.46, subsection 1, Code 2001, is
30 amended to read as follows:

31 1. Each real estate broker shall maintain a common trust
32 account in a bank, a savings and loan association, savings
33 bank, or credit union for the deposit of all down payments,
34 earnest money deposits, or other trust funds received by the
35 broker or the broker's salespersons on behalf of the broker's

1 principal, except that a broker acting as a salesperson shall
2 deposit these funds in the common trust account of the broker
3 for whom the broker acts as salesperson. The account shall be
4 an interest-bearing account. The interest on the account
5 shall be transferred quarterly to the treasurer of state and
6 transferred to the ~~department-of-economic-development~~ Iowa
7 finance authority for deposit in the ~~local-housing-assistance~~
8 ~~program-fund-established-in-section-15.354-unless-there-is-a~~
9 ~~written-agreement-between-the-buyer-and-seller-to-the-contrary~~
10 housing trust fund established in section 16.181. The broker
11 shall not benefit from interest received on funds of others in
12 the broker's possession.

13 EXPLANATION

14 This bill establishes a housing trust fund, administered
15 jointly by the Iowa finance authority and the department of
16 economic development. The bill provides that moneys in the
17 fund may be used for any housing program administered by the
18 authority or the department. The bill provides that a state
19 agency shall not charge salary and support expenses to the
20 fund.

21 The bill removes language from the housing improvement fund
22 program relating to the ability of the authority to expend a
23 portion of moneys in the fund for administrative costs for the
24 program.

25 The bill provides for the transfer of certain surplus
26 moneys and interest from the title guaranty program to the
27 housing trust fund. The bill also provides that, annually,
28 the first \$1,021,000 of the real estate transfer tax receipts
29 shall be transferred to the housing trust fund. The bill
30 provides that the remaining receipts shall be deposited in the
31 general fund and that no receipts shall be transferred to the
32 shelter assistance fund. The bill further provides for the
33 transfer of interest earned on common trust accounts
34 maintained by real estate brokers to the housing trust fund.

35 The bill also makes conforming amendments.

**SENATE FILE 227
FISCAL NOTE****REQUESTED BY:
SENATOR ZIEMAN**

A fiscal note for **Senate File 227** 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.

Senate File 227 establishes the Housing Trust Fund, jointly administered by the Iowa Finance Authority and the Department of Economic Development. The monies in the Fund are to be used for housing programs administered by the Authority and the Department. Salaries and support expenses are not to be charged to the Fund. The Bill also removes language allowing administrative costs to be charged to the Housing Improvement Fund. The Bill transfers \$1.0 million from the Real Estate Transfer Tax receipts to the Housing Trust Fund. Unencumbered and unobligated monies remaining in the Title Guaranty Fund at the end of the fiscal year, plus interest earned by the Title Guaranty Fund, are transferred to the Housing Trust Fund. Interest earned on common trust accounts maintained by real estate brokers is transferred to the Housing Trust Fund, instead of being transferred to the Local Housing Assistance Fund in the Department of Economic Development.

ASSUMPTIONS

1. Housing programs will be consolidated under the Iowa Finance Authority and the Department of Economic Development.
2. The Iowa Finance Authority can transfer additional funds into the Housing Trust Fund at its discretion.

FISCAL IMPACT

Senate File 227 creates the Housing Trust Fund. A total of \$5.3 million will be transferred into the Fund. The Bill transfers annual receipts of \$250,000 from the Title Guaranty Program and \$350,000 from the Real Estate Escrow receipts into the Fund. The Bill specifies that \$1.0 million in Real Estate Transfer Taxes will be deposited into the Housing Trust Fund. This is an increase of \$621,000 compared to the amount that had been deposited into the Shelter Assistance Fund in past years. The \$621,000 in increased receipts from the Real Estate Transfer Taxes would have been deposited into the General Fund under current law.

The Iowa Finance Authority and Department of Economic Development have indicated that they will transfer \$3.7 million into the Housing Trust Fund, which is an increase of \$653,000 compared to previous spending for housing programs. The Authority also intends to transfer \$150,000 from the Housing Assistance Fund and Iowa Housing Corporation portfolio income. These amounts would be in addition to the increased spending required by the Bill.

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SOURCES

Department of Economic Development
Iowa Finance Authority
Office of the Treasurer

(LSB 1486XB, MDF)

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BY DENNIS PROUTY, FISCAL DIRECTOR