

CHAPTER 1153
LOCAL OPTION TAXES
H.F. 2463

AN ACT relating to local option taxes by authorizing a city or county to receive tax return information relating to the taxes; changing the number of days notice must be given before a local hotel or motel tax is imposed, repealed, or its rate changed; legalizing the premature collection of a local hotel or motel tax; and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 98.6, subsection 5, Code 1987, is amended by striking the subsection.

Sec. 2. Section 123.37, Code 1987, is amended to read as follows:

123.37 EXCLUSIVE POWER TO LICENSE AND LEVY TAXES.

The power to establish licenses and permits and levy taxes as imposed in title VI of the Code is vested exclusively with the state. Unless specifically provided, ~~no~~ a local authority shall levy a local tax on the sale of alcoholic beverages, wine, or beer, not require the obtaining of a special license or permit for ~~such~~ the sale of alcoholic beverages, wine, or beer at any establishment, or require the obtaining of a license by any person as a condition precedent to the person's employment in the sale, serving, or handling of alcoholic beverages, wine, or beer, within an establishment operating under a license or permit.

Sec. 3. Section 422.72, subsection 4, Code Supplement 1987, is amended to read as follows:

4. A person violating subsection 1, 2, ~~or~~ 3, or 6 is guilty of a serious misdemeanor.

Sec. 4. Section 422.72, Code Supplement 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 6. The department may enter into a written informational exchange agreement for tax administration purposes with a city or county which is entitled to receive funds due to a local hotel and motel tax or a local sales and services tax. The written informational exchange agreement shall designate no more than two paid city or county employees that have access to actual return information relating to that city's or county's receipts from a local hotel and motel tax or a local sales and services tax.

City or county employees designated to have access to information under this subsection are deemed to be officers and employees of the state for purposes of the restrictions and penalties pursuant to subsection 1 pertaining to confidential information. The department may refuse to enter into a written informational exchange agreement if the city or county does not agree to pay the actual cost of providing the information and the department may refuse to abide by a written informational exchange agreement if the city or county does not promptly pay the actual cost of providing the information or take reasonable precautions to protect the information's confidentiality.

Sec. 5. Section 422A.1, unnumbered paragraph 2, Code Supplement 1987, is amended to read as follows:

A local hotel and motel tax shall be imposed on January 1, April 1, July 1, or October 1, following the notification of the director of revenue and finance. Once imposed, the tax shall remain in effect at the rate imposed for a minimum of one year. A local hotel and motel tax shall terminate only on March 31, June 30, September 30, or December 31. At least ~~sixty~~ forty-five days prior to the tax being effective or prior to a revision in the tax rate, or prior to the repeal of the tax, a city or county shall provide notice by mail of such action to the director of revenue and finance.

Sec. 6. NEW SECTION. 422B.11 CONSTRUCTION CONTRACTOR REFUNDS.

1. Construction contractors may make application to the department for a refund of the additional local sales and services tax paid under this chapter by reason of taxes paid on goods, wares, or merchandise under the following conditions:

a. The goods, wares, or merchandise are incorporated into an improvement to real estate in fulfillment of a written contract fully executed prior to the date of the imposition or increase in rate of a local sales and services tax under this chapter. The refund shall not apply to equipment transferred in fulfillment of a mixed construction contract.

b. The contractor has paid to the department or to a retailer the full amount of the state and local tax.

c. The claim is filed on forms provided by the department and is filed within six months of the date the tax is paid.

2. The department shall pay the refund from the appropriate city's or county's account in the local sales and services tax fund.

3. A contractor who makes an erroneous application for refund shall be liable for payment of the excess refund paid plus interest at the rate in effect under section 421.7. In addition, a contractor who willfully makes a false application for refund is guilty of a simple misdemeanor and is liable for a penalty equal to fifty percent of the excess refund claimed. Excess refunds, penalties, and interest due under this subsection may be enforced and collected in the same manner as the local sales and services tax imposed under this chapter.

Sec. 7. In a city that was authorized to impose a local hotel and motel tax under chapter 422A as a result of an election held during the last quarter of the 1987 calendar year, any hotel and motel owner or other person responsible for collection of a local hotel and motel tax that prematurely collects a local hotel and motel tax in such city during the period beginning January 1, 1988, and ending with the actual imposition of such tax, shall remit the amount collected to the department of revenue and finance at the time of filing the person's next state sales, services, and use tax return. Moneys received by the department pursuant to this section shall be deposited and disbursed as provided in section 422A.2. To the extent of the amount prematurely collected, the local hotel and motel tax shall be deemed to have been imposed January 1, 1988, in a city described in this section.

Sec. 8. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 4, 1988

CHAPTER 1154

SALES, SERVICES, AND USE TAXES ON OUT-OF-STATE RETAILERS

H.F. 2459

AN ACT relating to the imposition and collection of the state sales, services, and use taxes by out-of-state retailers.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 422.43, Code Supplement 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 12. A tax of four percent is imposed upon the gross receipts from all sales of tangible personal property, consisting of goods, wares, or merchandise, except as