

**CHAPTER 276****LOCAL OPTION SALES AND SERVICES TAX***H.F. 271*

**AN ACT** relating to the repeal of a local option sales and services tax and providing an effective date.

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

Section 1. Section 422B.1, Code 1989, is amended by adding the following new subsection:  
**NEW SUBSECTION. 8.** In a county that has imposed a local option sales and services tax, the board of supervisors shall, notwithstanding any contrary provision of this chapter, repeal the local option sales and services tax in the unincorporated areas or in an incorporated city area in which the tax has been imposed upon adoption of its own motion for repeal in the unincorporated areas or upon receipt of a motion adopted by the governing body of that incorporated city area requesting repeal. The board of supervisors shall repeal the local option sales and services tax effective at the end of the calendar quarter during which it adopted the repeal motion or the motion for the repeal was received. For purposes of this subsection, incorporated city area includes an incorporated city which is contiguous to another incorporated city.

Sec. 2. Section 422B.8, unnumbered paragraph 1, Code 1989, is amended to read as follows:  
A local sales and services tax at the rate of not more than one percent may be imposed by a county on the gross receipts taxed by the state under chapter 422, division IV. A local sales and services tax shall be imposed on the same basis as the state sales and services tax and may not be imposed on the sale of any property or on any service not taxed by the state, except the tax shall not be imposed on the gross receipts from the sale of motor fuel or special fuel as defined in chapter 324, on the gross receipts from the rental of rooms, apartments, or sleeping quarters which are taxed under chapter 422A during the period the hotel and motel tax is imposed, on the gross receipts from the sale of natural gas or electric energy in a city or county where the gross receipts are subject to a franchise fee or user fee during the period the franchise or user fee is imposed, on the gross receipts upon which sales tax is imposed only under section 422.43, subsection 12, on the gross receipts from the sale of equipment by the state department of transportation, and on the gross receipts from the sale of a lottery ticket or share in a lottery game conducted pursuant to chapter 99E. A local sales and services tax is applicable to transactions within those incorporated and unincorporated areas of the county where it is imposed and shall be collected by all persons required to collect state gross receipts taxes. All cities contiguous to each other shall be treated as part of one incorporated area and the tax would be imposed in each of those contiguous cities only if the majority of those voting in the total area covered by the contiguous cities favor its imposition.

Sec. 3. Section 422B.9, unnumbered paragraph 2, Code 1989, is amended to read as follows:  
A local sales and services tax shall be repealed only on March 31, June 30, September 30, or December 31. However, a local sales and services tax shall not be repealed before the tax has been in effect for one year. At least forty days before the imposition or repeal of the tax, a county shall provide notice of the action by certified mail to the director of revenue and finance.

Sec. 4. A city with a population under six hundred located in a county with a population between ninety-five thousand and one hundred ten thousand, which has imposed a local option tax for more than one year and seeks to change the specific purpose for which the local option tax revenues are expended notwithstanding any other provisions of this chapter, shall by resolution change the specific purpose for which the local option tax revenues are expended. The resolution shall not be effective before the expiration of sixty days following the enactment of the resolution. Within thirty days of the enactment of the resolution, a referendum on the change of the specific purpose for which the local option tax revenues are expended may be requested by five percent of the citizens who voted in the last state general election.

Sec. 5. Section 3 of this Act applies to local sales and services taxes that are in effect on or after January 1, 1990.

Sec. 6. Section 4 is repealed January 1, 1990.

Sec. 7. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved June 1, 1989

---

## CHAPTER 277

### LOCAL OPTION TAX REMITTANCE

*H.F. 751*

**AN ACT** relating to the remittance of the local option tax to local governments.

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

Section 1. Section 422B.10, subsection 1, Code 1989, is amended to read as follows:

1. The ~~treasurer of state~~ director shall credit the local sales and services tax receipts and interest and penalties from a county to the county's account in the local sales and services tax fund. If the ~~director of revenue and finance~~ is unable to determine from which county any of the receipts were collected, those receipts shall be allocated amongst the possible counties based on allocation rules adopted by the ~~director of revenue and finance~~.

Sec. 2. Section 422B.10, subsection 2, Code 1989, is amended by striking the subsection and inserting in lieu thereof the following:

2. a. The director of revenue and finance within fifteen days of the beginning of each fiscal year shall send to each city or county where the local option tax is imposed, an estimate of the amount of tax moneys each city or county will receive for the year and for each quarter of the year. At the end of each quarter, the director may revise the estimates for the year and remaining quarters.

b. The director of revenue and finance shall remit ninety percent of the estimate tax receipts for the city or county to the city or county after the end of each quarter no later than the following dates: November 10, February 10, May 10, and August 10.

c. The director of revenue and finance shall remit a final payment of the remainder of tax moneys due the city or county for the fiscal year before the due date for the payment of the first quarter of the next fiscal year. If an overpayment has resulted during the previous fiscal year, the first payment of the new fiscal year shall be adjusted to reflect any overpayment.

Approved June 1, 1989