

CHAPTER 158

LOCAL HOTEL AND MOTEL TAX — IMPOSITION BY LAND USE DISTRICTS

H.F. 609

AN ACT providing for the imposition of the local hotel and motel tax by a land use district.

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

Section 1. Section 303.52, Code 2017, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. a. The board of trustees may by ordinance impose a hotel and motel tax in accordance with [chapter 423A](#).

b. All revenues derived from imposition of the hotel and motel tax shall be spent exclusively on the acquisition of sites for, or constructing, improving, enlarging, equipping, repairing, operating, or maintaining of recreation, convention, cultural, or entertainment facilities including but not limited to memorial buildings, halls and monuments, civic center convention buildings, auditoriums, coliseums, and parking areas or facilities located at those recreation, convention, cultural, or entertainment facilities, or for the promotion and encouragement of tourist and convention business in the land use district and surrounding areas.

Sec. 2. Section 423A.4, Code 2017, is amended to read as follows:

423A.4 Locally imposed hotel and motel tax.

1. A city ~~or~~, a county, or a land use district created under [chapter 303, subchapter IV](#), may impose, by ordinance of the city council or by resolution of the board of supervisors or by ordinance of the board of trustees, a hotel and motel tax, at a rate not to exceed seven percent, which shall be imposed in increments of one or more full percentage points upon the sales price from the renting of lodging. The tax when imposed by a city shall apply only within the corporate boundaries of that city, and when imposed by a county shall apply only outside incorporated areas within that county, and when imposed by a land use district shall apply only within the corporate boundaries of that district. A hotel and motel tax imposed by a city or county shall not be imposed within the corporate boundaries of a land use district during any period of time that the land use district is imposing a hotel and motel tax.

2. Within ten days of the election at which a majority of those voting on the question favors the imposition, repeal, or change in the rate of the hotel and motel tax, the county auditor shall give written notice by sending a copy of the abstract of votes from the favorable election to the director of revenue.

3. A local hotel and motel tax shall be imposed on January 1 or July 1, following the notification of the director of revenue. 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 June 30 or December 31. At least 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, or land use district shall provide notice by mail of such action to the director of revenue. The director shall have the authority to waive the notice requirement.

4. a. A city, ~~or~~ county, or land use district shall impose or repeal a hotel and motel tax or increase or reduce the tax rate only after an election at which a majority of those voting on the question favors imposition, repeal, or change in rate. However, a hotel and motel tax of a city or county shall not be repealed or reduced in rate if obligations are outstanding which are payable as provided in [section 423A.7](#), unless funds sufficient to pay the principal, interest, and premium, if any, on the outstanding obligations at and prior to maturity have been properly set aside and pledged for that purpose.

b. If the tax applies only within the corporate boundaries of a city, only the registered voters of the city shall be permitted to vote. The election shall be held at the time of the regular city election or at a special election called for that purpose. If the tax applies only in the unincorporated areas of a county or only within the corporate boundaries of a land use district, only the registered voters of the unincorporated areas of the county or the registered

voters of the land use district, as applicable, shall be permitted to vote. The election shall be held at the time of the general election or at a special election called for that purpose.

Sec. 3. Section 423A.6, subsection 1, Code 2017, is amended to read as follows:

1. The director of revenue shall administer the state and local hotel and motel tax as nearly as possible in conjunction with the administration of the state sales tax law, except that portion of the law which implements the streamlined sales and use tax agreement. The director shall provide appropriate forms, or provide on the regular state tax forms, for reporting state and local hotel and motel tax liability. All moneys received or refunded one hundred eighty days after the date on which a city, or county, or land use district terminates its local hotel and motel tax and all moneys received from the state hotel and motel tax shall be deposited in or withdrawn from the general fund of the state.

Sec. 4. Section 423A.7, subsection 2, Code 2017, is amended to read as follows:

2. All moneys in the local transient guest tax fund shall be remitted at least quarterly by the department, pursuant to rules of the director of revenue, to each city in the amount collected from businesses in that city, and to each county in the amount collected from businesses in the unincorporated areas of the county, and to each land use district in the amount collected from businesses in that land use district.

Sec. 5. Section 423A.7, subsection 4, unnumbered paragraph 1, Code 2017, is amended to read as follows:

The revenue derived by a city or county from any local hotel and motel tax authorized by section 423A.4 shall be used by a city or county as follows:

Sec. 6. Section 423A.7, Code 2017, is amended by adding the following new subsection:

NEW SUBSECTION. 5. The revenue derived by a land use district from any local hotel and motel tax authorized by section 423A.4 shall be expended exclusively for the purposes set forth in section 303.52, subsection 3A, paragraph "b".

Approved May 11, 2017