

4/10/97 W. & means Calendar

FILED APR 10 1997

WITHDRAWN

SENATE FILE **537**
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 263)

*Substituted
for H.F. 729
4/29/97 (p. 1533)*

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

A BILL FOR

1 An Act relating to reporting and depositing of local option sales
2 and services taxes to the department of revenue and finance by
3 retailers and increasing the amount of estimated distribution
4 and frequency of distribution to cities and counties by the
5 department of revenue and finance.

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

- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

S.F. 537

WITHDRAWN

1 Section 1. Section 422B.9, Code 1997, is amended by adding
2 the following new unnumbered paragraph after unnumbered
3 paragraph 4:

4 NEW UNNUMBERED PARAGRAPH. Frequency of deposits and
5 quarterly reports of a local sales and services tax with the
6 department of revenue and finance are governed by the tax
7 provisions in section 422.52. Local tax collections shall not
8 be included in computation of the total tax to determine
9 frequency of filing under section 422.52.

10 Sec. 2. Section 422B.10, subsection 2, Code 1997, is
11 amended to read as follows:

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

19 b. The director of revenue and finance shall remit ~~ninety~~
20 ninety-five percent of the estimate tax receipts for the city
21 or county to the city or county ~~after-the-end-of-each-quarter~~
22 ~~no-later-than-the-following-dates:--November-10,--February-10,~~
23 ~~May-10,--and-August-10~~ on or before August 31 of the fiscal
24 year and on or before the last day of each following month.

25 c. The director of revenue and finance shall remit a final
26 payment of the remainder of tax moneys due the city or county
27 for the fiscal year before ~~the-due-date-for-the-payment-of-the~~
28 ~~first-quarter~~ November 10 of the next fiscal year. If an
29 overpayment has resulted during the previous fiscal year, the
30 first payment of the new fiscal year shall be adjusted to
31 reflect any overpayment.

32 EXPLANATION

33 The bill amends Code section 422B.9 to provide that local
34 option sales and service taxes shall be remitted to the
35 department of revenue and finance in the same frequency as

1 required for retail sales taxes. Retailers are accustomed to
2 the manner and frequency required under the retail sales taxes
3 provisions. As a result, this amendment will provide
4 uniformity in the reporting and depositing of state sales
5 taxes and local sales and services taxes. Local tax
6 collection shall not be included in the computation of state
7 retail sales tax to determine frequency of remitting.
8 Instead, the computation of state sales tax should be used to
9 determine the frequency with which local taxes should be
10 remitted to the department.

11 The bill also amends Code section 422B.10 to increase the
12 amount of estimated local option sales and services tax
13 receipts remitted by the department of revenue and finance to
14 the counties and cities from 90 percent to 95 percent and also
15 provides that such remission shall be on a monthly, rather
16 than quarterly basis.

17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

SENATE FILE 537
FISCAL NOTE

A fiscal note for Senate File 537 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 537 amends Section 422B.9, Code of Iowa, to provide that local option sales and service taxes shall be remitted to the Department of Revenue and Finance in the same frequency as required for retail sales taxes. The Bill also amends Section 422B.10, Code of Iowa, to increase the amount of estimated local option sales and services tax receipts remitted by the Department of Revenue and Finance to the counties and cities from 90.0% to 95.0% and provides that such remission shall be on a monthly rather than quarterly basis.

Under current law, local option sales tax is reported and distributed on a quarterly basis with a final reconciliation payment made in November of each year. The payments received are initially deposited in the State General Fund as sales tax and distributions are made from the same fund according to a statutory schedule.

ASSUMPTIONS

1. The procedural change in the schedule of the distribution of local option sales tax will impact the cash receipts and amount of sales tax accrued.
2. Full compliance with the accelerated timing of deposits will occur.
3. The Bill will take effect for quarters beginning July 1, 1997.
4. Payments for the June 1997 quarter and the reconciliation payment for FY 1997 will be made while the new payment and distribution schedule is begun.

FISCAL IMPACT

Senate File 537 will have a one time cash flow impact on sales tax receipts. The Bill will decrease the FY 1998 sales tax receipts (receipts less disbursements) by an estimated \$3.0 million.

SOURCES

Department of Revenue and Finance

(LSB 2754SV, PQP)

FILED APRIL 17, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR

Hedge, Chair
Freeman
Delaney

SSB 263
Ways & Means

Succeeded By
SENATE FILE SFYHF 537
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY CHAIRPERSON
DOUGLAS)

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

A BILL FOR

1 An Act relating to reporting and depositing of local option sales
2 and services taxes to the department of revenue and finance by
3 retailers and increasing the amount of estimated distribution
4 and frequency of distribution to cities and counties by the
5 department of revenue and finance.

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

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

1 Section 1. Section 422B.9, Code 1997, is amended by adding
2 the following new unnumbered paragraph after unnumbered
3 paragraph 4:

4 NEW UNNUMBERED PARAGRAPH. Frequency of deposits and
5 quarterly reports of a local sales and services tax with the
6 department of revenue and finance are governed by the tax
7 provisions in section 422.52. Local tax collections shall not
8 be included in computation of the total tax to determine
9 frequency of filing under section 422.52.

10 Sec. 2. Section 422B.10, subsection 2, Code 1997, is
11 amended to read as follows:

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

19 b. The director of revenue and finance shall remit ninety
20 ninety-five percent of the estimate tax receipts for the city
21 or county to the city or county ~~after-the-end-of-each-quarter~~
22 ~~no-later-than-the-following-dates:--November-107--February-107~~
23 ~~May-107--and-August-10~~ on or before August 31 of the fiscal
24 year and on or before the last day of each following month.

25 c. The director of revenue and finance shall remit a final
26 payment of the remainder of tax moneys due the city or county
27 for the fiscal year before ~~the-due-date-for-the-payment-of-the~~
28 ~~first-quarter~~ November 10 of the next fiscal year. If an
29 overpayment has resulted during the previous fiscal year, the
30 first payment of the new fiscal year shall be adjusted to
31 reflect any overpayment.

32

EXPLANATION

33 The bill amends Code section 422B.9 to provide that local
34 option sales and service taxes shall be remitted to the
35 department of revenue and finance in the same frequency as

1 required for retail sales taxes. Retailers are accustomed to
 2 the manner and frequency required under the retail sales taxes
 3 provisions. As a result, this amendment will provide
 4 uniformity in the reporting and depositing of state sales
 5 taxes and local sales and services taxes. Local tax
 6 collection shall not be included in the computation of state
 7 retail sales tax to determine frequency of remitting.
 8 Instead, the computation of state sales tax should be used to
 9 determine the frequency with which local taxes should be
 10 remitted to the department.

11 The bill also amends Code section 422B.10 to increase the
 12 amount of estimated local option sales and services tax
 13 receipts remitted by the department of revenue and finance to
 14 the counties and cities from 90 percent to 95 percent and also
 15 provides that such remission shall be on a monthly, rather
 16 than quarterly basis.

17
 18
 19
 20
 21
 22
 23
 24
 25
 26
 27
 28
 29
 30
 31
 32
 33
 34
 35