

Lamberti
Redwine
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SSB 1213
Ways & Means
Succeeded By

SENATE FILE CE HF 469
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY CHAIRPERSON
JOHNSON)

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

A BILL FOR

1 An Act relating to the state sales and use taxes by providing for
2 the effective date for any rate increase or decrease, filing
3 of consolidated sales tax returns by affiliated corporations,
4 changing the statute of limitations for assessing tax and
5 applying for refunds and relating to local sales and services
6 taxes by providing the effective dates for imposing,
7 repealing, or changing rates, and including effective dates.

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

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1 Section 1. Section 422.43, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 14. An increase or decrease in the retail
4 sales tax rate shall only be effective on January 1 or July 1,
5 but not sooner than ninety days after enactment of the rate
6 increase or decrease.

7 Sec. 2. Section 422.51, Code 1999, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 5. Upon making application and receiving
10 approval from the director, a parent corporation and its
11 affiliated corporations that make retail sales of tangible
12 personal property or taxable enumerated services may make
13 deposits and file a consolidated sales tax return for the
14 affiliated group, pursuant to rules adopted by the director.
15 A parent corporation and each affiliate corporation that files
16 a consolidated return is jointly and severally liable for all
17 tax, penalty, and interest found due for the tax period for
18 which a consolidated return is filed or required to be filed.

19 Sec. 3. Section 422.54, subsections 1 and 3, Code 1999,
20 are amended to read as follows:

21 1. As soon as practicable after a return is filed and in
22 any event within ~~five~~ four years after the return is filed, if
23 filed for quarterly periods beginning on or after January 1,
24 2000, and before January 1, 2001, and within three years after
25 the return is filed, if filed for quarterly periods beginning
26 on or after January 1, 2001, the department shall examine it,
27 assess and determine the tax due if the return is found to be
28 incorrect, and give notice to the taxpayer of the assessment
29 and determination as provided in subsection 2. The period for
30 the examination and determination of the correct amount of tax
31 is unlimited in the case of a false or fraudulent return made
32 with the intent to evade tax or in the case of a failure to
33 file a return.

34 3. The ~~five-year~~ four-year or three-year period of
35 limitation, as applicable, provided in subsection 1 may be

1 extended by a taxpayer by signing a waiver agreement form to
2 be provided by the department. The agreement shall stipulate
3 the period of extension and the tax period to which the
4 extension applies. The agreement shall also provide that a
5 claim for refund may be filed by the taxpayer at any time
6 during the period of extension.

7 Sec. 4. Section 422.73, subsection 1, Code 1999, is
8 amended to read as follows:

9 1. If it shall appear that, as a result of mistake, an
10 amount of tax, penalty, or interest has been paid which was
11 not due under the provisions of division IV of this chapter or
12 chapter 423, then such amount shall be credited against any
13 tax due, or to become due, on the books of the department from
14 the person who made the erroneous payment, or such amount
15 shall be refunded to such person by the department. A claim
16 for refund or credit that has not been filed with the
17 department within five four years after the tax payment for
18 quarterly periods beginning on or after January 1, 2000, and
19 before January 1, 2001, upon which a refund or credit is
20 claimed became due, and within three years after the tax
21 payment for quarterly periods beginning on or after January 1,
22 2001, upon which a refund or credit is claimed became due, or
23 one year after such tax payment was made, whichever time is
24 the later, shall not be allowed by the director.

25 Sec. 5. Section 422B.1, subsection 5, Code 1999, is
26 amended to read as follows:

27 5. The county commissioner of elections shall submit the
28 question of imposition of a local option tax at a state
29 general election or at a special election held at any time
30 other than the time of a city regular election. The election
31 shall not be held sooner than sixty days after publication of
32 notice of the ballot proposition. The ballot proposition
33 shall specify the type and rate of tax and in the case of a
34 vehicle tax the classes that will be exempt and in the case of
35 a local sales and services tax the date it will be imposed

1 which date shall not be earlier than ninety days following the
2 election. The ballot proposition shall also specify the
3 approximate amount of local option tax revenues that will be
4 used for property tax relief and shall contain a statement as
5 to the specific purpose or purposes for which the revenues
6 shall otherwise be expended. If the county board of
7 supervisors decides under subsection 6 to specify a date on
8 which the local option sales and services tax shall
9 automatically be repealed, the date of the repeal shall also
10 be specified on the ballot. The rate of the vehicle tax shall
11 be in increments of one dollar per vehicle as set by the
12 petition seeking to impose the tax. The rate of a local sales
13 and services tax shall not be more than one percent as set by
14 the governing body. The state commissioner of elections shall
15 establish by rule the form for the ballot proposition which
16 form shall be uniform throughout the state.

17 Sec. 6. Section 422B.1, subsection 6, paragraph a, Code
18 1999, is amended to read as follows:

19 6. a. If a majority of those voting on the question of
20 imposition of a local option tax favor imposition of a local
21 option tax, the governing body of that county shall impose the
22 tax at the rate specified for an unlimited period. However,
23 in the case of a local sales and services tax, the county
24 shall not impose the tax in any incorporated area or the
25 unincorporated area if the majority of those voting on the tax
26 in that area did not favor its imposition. For purposes of
27 the local sales and services tax, all cities contiguous to
28 each other shall be treated as part of one incorporated area
29 and the tax shall be imposed in each of those contiguous
30 cities only if the majority of those voting on the tax in the
31 total area covered by the contiguous cities favored its
32 imposition. The local option tax may be repealed or the rate
33 increased or decreased or the use thereof changed after an
34 election at which a majority of those voting on the question
35 of repeal or rate or use change favored the repeal or rate or

1 use change. The date on which the repeal, rate, or use change
 2 is to take effect shall not be earlier than ninety days
 3 following the election. The election at which the question of
 4 repeal or rate or use change is offered shall be called and
 5 held in the same manner and under the same conditions as
 6 provided in subsections 4 and 5 for the election on the
 7 imposition of the local option tax. However, in the case of a
 8 local sales and services tax where the tax has not been
 9 imposed countywide, the question of repeal or imposition or
 10 rate or use change shall be voted on only by the registered
 11 voters of the areas of the county where the tax has been
 12 imposed or has not been imposed, as appropriate. However, the
 13 governing body of the incorporated area or unincorporated area
 14 where the local sales and services tax is imposed may, upon
 15 its own motion, request the county commissioner of elections
 16 to hold an election in the incorporated or unincorporated
 17 area, as appropriate, on the question of the change in use of
 18 local sales and services tax revenues. The election may be
 19 held at any time but not sooner than sixty days following
 20 publication of the ballot proposition. If a majority of those
 21 voting in the incorporated or unincorporated area on the
 22 change in use favor the change, the governing body of that
 23 area shall change the use to which the revenues shall be used.
 24 The ballot proposition shall list the present use of the
 25 revenues, the proposed use, and the date after which revenues
 26 received will be used for the new use.

27 When submitting the question of the imposition of a local
 28 sales and services tax, the county board of supervisors may
 29 direct that the question contain a provision for the repeal,
 30 without election, of the local sales and services tax on a
 31 specific date, which date shall be ~~the end of a calendar~~
 32 quarter as provided in section 422B.9, subsection 1.

33 Sec. 7. Section 422B.1, subsection 9, Code 1999, is
 34 amended to read as follows:

35 9. In a county that has imposed a local option sales and

1 services tax, the board of supervisors shall, notwithstanding
2 any contrary provision of this chapter, repeal the local
3 option sales and services tax in the unincorporated areas or
4 in an incorporated city area in which the tax has been imposed
5 upon adoption of its own motion for repeal in the
6 unincorporated areas or upon receipt of a motion adopted by
7 the governing body of that incorporated city area requesting
8 repeal. The board of supervisors shall repeal the local
9 option sales and services tax effective ~~at the end of the~~
10 ~~calendar quarter during which it adopted the repeal motion or~~
11 ~~the motion for the repeal was received~~ on the later of the
12 date of the adoption of the repeal motion or the earliest date
13 specified in section 422B.9, subsection 1. For purposes of
14 this subsection, incorporated city area includes an
15 incorporated city which is contiguous to another incorporated
16 city.

17 Sec. 8. Section 422B.9, subsection 1, Code 1999, is
18 amended to read as follows:

19 1. a. A local sales and services tax shall be imposed
20 either January 1 ~~or April 1~~ or July 1 ~~or October 1~~ following
21 the notification of the director of revenue and finance but
22 not sooner than ninety days following the favorable election.

23 b. A local sales and services tax shall be repealed only
24 on ~~March 31~~, June 30 ~~or September 30~~, or December 31 but not
25 sooner than ninety days following the favorable election if
26 one is held. However, a local sales and services tax shall
27 not be repealed before the tax has been in effect for one
28 year. At least forty days before the imposition or repeal of
29 the tax, a county shall provide notice of the action by
30 certified mail to the director of revenue and finance.

31 c. If a local sales and services tax has been imposed
32 prior to the effective date of this section of this Act and at
33 the time of the election a date for repeal was specified on
34 the ballot, the local sales and services tax may be repealed
35 on that date, notwithstanding paragraph "b".

1 Sec. 9. Section 422E.2, subsections 1 and 3, Code 1999,
2 are amended to read as follows:

3 1. a. A local sales and services tax shall be imposed by
4 a county only after an election at which a majority of those
5 voting on the question favors imposition. The effective date
6 shall be either January 1 or July 1 but not sooner than ninety
7 days following the favorable election. A local sales and
8 services tax approved by a majority vote shall apply to all
9 incorporated and unincorporated areas of that county.

10 b. A local sales and services tax shall be repealed on
11 either June 30 or December 31 but not sooner than ninety days
12 following the favorable election, if one is held.

13 c. If a local sales and services tax has been imposed
14 prior to the effective date of this section of this Act and at
15 the time of the election a date for repeal was specified on
16 the ballot, the local sales and services tax may be repealed
17 on that date, notwithstanding paragraph "b".

18 3. The county commissioner of elections shall submit the
19 question of imposition of a local sales and services tax for
20 school infrastructure purposes at a state general election or
21 at a special election held at any time other than the time of
22 a city regular election. The election shall not be held
23 sooner than sixty days after publication of notice of the
24 ballot proposition. The ballot proposition shall specify the
25 rate of tax, the date the tax will be imposed and repealed,
26 and shall contain a statement as to the specific purpose or
27 purposes for which the revenues shall be expended. The dates
28 for the imposition and repeal of the tax shall be as provided
29 in subsection 1. The rate of tax shall not be more than one
30 percent as set by the county board of supervisors. The state
31 commissioner of elections shall establish by rule the form for
32 the ballot proposition which form shall be uniform throughout
33 the state.

34 Sec. 10. Section 423.12, Code 1999, is amended by adding
35 the following new unnumbered paragraph:

1 NEW UNNUMBERED PARAGRAPH. An increase or decrease in the
2 excise tax rate in this section shall only be effective on
3 January 1 or July 1, but not sooner than ninety days after
4 enactment of the rate increase or decrease.

5 Sec. 11. Section 423.16, Code 1999, is amended to read as
6 follows:

7 423.16 DETERMINATION BY DEPARTMENT.

8 If any return required by this chapter is not filed, or if
9 any return when filed is incorrect or insufficient, and the
10 maker or person from whom it is due fails to file a corrected
11 or sufficient return within twenty days after the same is
12 required by notice from the department, the department shall
13 have the same power to determine the amount due, as is vested
14 in the department by sections 422.54, 422.55, and 422.57,
15 subject to all of the provisions, and restrictions, and rights
16 to seek judicial review provided in the sections. If a return
17 required by this chapter has been filed, the ~~five-year~~ period
18 of limitation specified in section 422.54, subsection 1, shall
19 apply to the making of a determination by the department of
20 the amount of tax due and to the giving of notice to the
21 taxpayer of such determination. The right to waive the ~~five-~~
22 ~~year~~ period of limitation as provided in section 422.54,
23 subsection 3, is applicable to this chapter.

24 Sec. 12. EFFECTIVE AND APPLICABILITY DATES.

25 1. Sections 1 through 4, 10, and 11 of this Act take
26 effect January 1, 2000, for state sales and use taxes.

27 2. Sections 5 through 9 of this Act take effect April 1,
28 2000, for local sales and services taxes.

29 EXPLANATION

30 The bill provides that increases or decreases in the rate
31 of state sales and use taxes are to become effective on
32 January 1 or July 1 but not sooner than 90 days following
33 enactment of the increase or decrease in rate. Under Code
34 section 3.7, enactment is accomplished when the governor
35 approves the bill.

1 The bill allows, upon approval of the director of revenue
2 and finance, the consolidated filing of sales tax returns by a
3 parent corporation and its affiliated corporations.

4 The bill reduces the statute of limitations for assessing a
5 tax or applying for a tax refund from five years to three
6 years over a two-year period.

7 The bill also provides that both local option sales and
8 services taxes are to be imposed either on January 1 or July 1
9 but not sooner than 90 days following the favorable election.
10 Repeal of the taxes would be either on June 30 or December 31.

11 The state sales and use tax changes are effective January
12 1, 2000. The local option sales and services tax changes are
13 effective April 1, 2000.

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REPRINTED

FILED APR 6 1999

SENATE FILE

469

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1213)

Passed Senate, ^(P. 1104) Date 4/13/99 : Passed House, Date 4-27-99 ^(P. 1745)
 Vote: Ayes 44 Nays 5 : Vote: Ayes 97 Nays 2
 Approved May 20, 1999

A BILL FOR

1 An Act relating to the state sales and use taxes by providing for
 2 the effective date for any rate increase or decrease, filing
 3 of consolidated sales tax returns by affiliated corporations,
 4 changing the statute of limitations for assessing tax and
 5 applying for refunds and relating to local sales and services
 6 taxes by providing the effective dates for imposing,
 7 repealing, or changing rates, and including effective dates.

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

SF 469

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1 Section 1. Section 422.43, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 14. An increase or decrease in the retail
4 sales tax rate shall only be effective on January 1 or July 1,
5 but not sooner than ninety days after enactment of the rate
6 increase or decrease.

7 Sec. 2. Section 422.51, Code 1999, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 5. Upon making application and receiving
10 approval from the director, a parent corporation and its
11 affiliated corporations that make retail sales of tangible
12 personal property or taxable enumerated services may make
13 deposits and file a consolidated sales tax return for the
14 affiliated group, pursuant to rules adopted by the director.
15 A parent corporation and each affiliate corporation that files
16 a consolidated return is jointly and severally liable for all
17 tax, penalty, and interest found due for the tax period for
18 which a consolidated return is filed or required to be filed.

19 Sec. 3. Section 422.54, subsections 1 and 3, Code 1999,
20 are amended to read as follows:

21 1. As soon as practicable after a return is filed and in
22 any event within ~~five~~ four years after the return is filed, if
23 filed for quarterly periods beginning on or after January 1,
24 2000, and before January 1, 2001, and within three years after
25 the return is filed, if filed for quarterly periods beginning
26 on or after January 1, 2001, the department shall examine it,
27 assess and determine the tax due if the return is found to be
28 incorrect, and give notice to the taxpayer of the assessment
29 and determination as provided in subsection 2. The period for
30 the examination and determination of the correct amount of tax
31 is unlimited in the case of a false or fraudulent return made
32 with the intent to evade tax or in the case of a failure to
33 file a return.

34 3. The ~~five-year~~ four-year or three-year period of
35 limitation, as applicable, provided in subsection 1 may be

1 extended by a taxpayer by signing a waiver agreement form to
2 be provided by the department. The agreement shall stipulate
3 the period of extension and the tax period to which the
4 extension applies. The agreement shall also provide that a
5 claim for refund may be filed by the taxpayer at any time
6 during the period of extension.

7 Sec. 4. Section 422.73, subsection 1, Code 1999, is
8 amended to read as follows:

9 1. If it shall appear that, as a result of mistake, an
10 amount of tax, penalty, or interest has been paid which was
11 not due under the provisions of division IV of this chapter or
12 chapter 423, then such amount shall be credited against any
13 tax due, or to become due, on the books of the department from
14 the person who made the erroneous payment, or such amount
15 shall be refunded to such person by the department. A claim
16 for refund or credit that has not been filed with the
17 department within five four years after the tax payment for
18 quarterly periods beginning on or after January 1, 2000, and
19 before January 1, 2001, upon which a refund or credit is
20 claimed became due, and within three years after the tax
21 payment for quarterly periods beginning on or after January 1,
22 2001, upon which a refund or credit is claimed became due, or
23 one year after such tax payment was made, whichever time is
24 the later, shall not be allowed by the director.

25 Sec. 5. Section 422B.1, subsection 5, Code 1999, is
26 amended to read as follows:

27 5. The county commissioner of elections shall submit the
28 question of imposition of a local option tax at a state
29 general election or at a special election held at any time
30 other than the time of a city regular election. The election
31 shall not be held sooner than sixty days after publication of
32 notice of the ballot proposition. The ballot proposition
33 shall specify the type and rate of tax and in the case of a
34 vehicle tax the classes that will be exempt and in the case of
35 a local sales and services tax the date it will be imposed

1 which date shall not be earlier than ninety days following the
2 election. The ballot proposition shall also specify the
3 approximate amount of local option tax revenues that will be
4 used for property tax relief and shall contain a statement as
5 to the specific purpose or purposes for which the revenues
6 shall otherwise be expended. If the county board of
7 supervisors decides under subsection 6 to specify a date on
8 which the local option sales and services tax shall
9 automatically be repealed, the date of the repeal shall also
10 be specified on the ballot. The rate of the vehicle tax shall
11 be in increments of one dollar per vehicle as set by the
12 petition seeking to impose the tax. The rate of a local sales
13 and services tax shall not be more than one percent as set by
14 the governing body. The state commissioner of elections shall
15 establish by rule the form for the ballot proposition which
16 form shall be uniform throughout the state.

17 Sec. 6. Section 422B.1, subsection 6, paragraph a, Code
18 1999, is amended to read as follows:

19 6. a. If a majority of those voting on the question of
20 imposition of a local option tax favor imposition of a local
21 option tax, the governing body of that county shall impose the
22 tax at the rate specified for an unlimited period. However,
23 in the case of a local sales and services tax, the county
24 shall not impose the tax in any incorporated area or the
25 unincorporated area if the majority of those voting on the tax
26 in that area did not favor its imposition. For purposes of
27 the local sales and services tax, all cities contiguous to
28 each other shall be treated as part of one incorporated area
29 and the tax shall be imposed in each of those contiguous
30 cities only if the majority of those voting on the tax in the
31 total area covered by the contiguous cities favored its
32 imposition. The local option tax may be repealed or the rate
33 increased or decreased or the use thereof changed after an
34 election at which a majority of those voting on the question
35 of repeal or rate or use change favored the repeal or rate or

1 use change. The date on which the repeal, rate, or use change
2 is to take effect shall not be earlier than ninety days
3 following the election. The election at which the question of
4 repeal or rate or use change is offered shall be called and
5 held in the same manner and under the same conditions as
6 provided in subsections 4 and 5 for the election on the
7 imposition of the local option tax. However, in the case of a
8 local sales and services tax where the tax has not been
9 imposed countywide, the question of repeal or imposition or
10 rate or use change shall be voted on only by the registered
11 voters of the areas of the county where the tax has been
12 imposed or has not been imposed, as appropriate. However, the
13 governing body of the incorporated area or unincorporated area
14 where the local sales and services tax is imposed may, upon
15 its own motion, request the county commissioner of elections
16 to hold an election in the incorporated or unincorporated
17 area, as appropriate, on the question of the change in use of
18 local sales and services tax revenues. The election may be
19 held at any time but not sooner than sixty days following
20 publication of the ballot proposition. If a majority of those
21 voting in the incorporated or unincorporated area on the
22 change in use favor the change, the governing body of that
23 area shall change the use to which the revenues shall be used.
24 The ballot proposition shall list the present use of the
25 revenues, the proposed use, and the date after which revenues
26 received will be used for the new use.

27 . When submitting the question of the imposition of a local
28 sales and services tax, the county board of supervisors may
29 direct that the question contain a provision for the repeal,
30 without election, of the local sales and services tax on a
31 specific date, which date shall be ~~the-end-of-a-calendar~~
32 quarter as provided in section 422B.9, subsection 1.

33 Sec. 7. Section 422B.1, subsection 9, Code 1999, is
34 amended to read as follows:

35 9. In a county that has imposed a local option sales and

1 services tax, the board of supervisors shall, notwithstanding
2 any contrary provision of this chapter, repeal the local
3 option sales and services tax in the unincorporated areas or
4 in an incorporated city area in which the tax has been imposed
5 upon adoption of its own motion for repeal in the
6 unincorporated areas or upon receipt of a motion adopted by
7 the governing body of that incorporated city area requesting
8 repeal. The board of supervisors shall repeal the local
9 option sales and services tax effective ~~at the end of the~~
10 ~~calendar quarter during which it adopted the repeal motion or~~
11 ~~the motion for the repeal was received~~ on the later of the
12 date of the adoption of the repeal motion or the earliest date
13 specified in section 422B.9, subsection 1. For purposes of
14 this subsection, incorporated city area includes an
15 incorporated city which is contiguous to another incorporated
16 city.

17 Sec. 8. Section 422B.9, subsection 1, Code 1999, is
18 amended to read as follows:

19 1. a. A local sales and services tax shall be imposed
20 either January 1 ~~or April 1~~ or July 1 ~~or October 1~~ following
21 the notification of the director of revenue and finance but
22 not sooner than ninety days following the favorable election.

23 b. A local sales and services tax shall be repealed only
24 on ~~March 31~~ June 30 ~~September 30~~ or December 31 but not
25 sooner than ninety days following the favorable election if
26 one is held. However, a local sales and services tax shall
27 not be repealed before the tax has been in effect for one
28 year. At least forty days before the imposition or repeal of
29 the tax, a county shall provide notice of the action by
30 certified mail to the director of revenue and finance.

31 c. If a local sales and services tax has been imposed
32 prior to the effective date of this section of this Act and at
33 the time of the election a date for repeal was specified on
34 the ballot, the local sales and services tax may be repealed
35 on that date, notwithstanding paragraph "b".

1 Sec. 9. Section 422E.2, subsections 1 and 3, Code 1999,
2 are amended to read as follows:

3 1. a. A local sales and services tax shall be imposed by
4 a county only after an election at which a majority of those
5 voting on the question favors imposition. The effective date
6 shall be either January 1 or July 1 but not sooner than ninety
7 days following the favorable election. A local sales and
8 services tax approved by a majority vote shall apply to all
9 incorporated and unincorporated areas of that county.

10 b. A local sales and services tax shall be repealed on
11 either June 30 or December 31 but not sooner than ninety days
12 following the favorable election, if one is held.

13 c. If a local sales and services tax has been imposed
14 prior to the effective date of this section of this Act and at
15 the time of the election a date for repeal was specified on
16 the ballot, the local sales and services tax may be repealed
17 on that date, notwithstanding paragraph "b".

18 3. The county commissioner of elections shall submit the
19 question of imposition of a local sales and services tax for
20 school infrastructure purposes at a state general election or
21 at a special election held at any time other than the time of
22 a city regular election. The election shall not be held
23 sooner than sixty days after publication of notice of the
24 ballot proposition. The ballot proposition shall specify the
25 rate of tax, the date the tax will be imposed and repealed,
26 and shall contain a statement as to the specific purpose or
27 purposes for which the revenues shall be expended. The dates
28 for the imposition and repeal of the tax shall be as provided
29 in subsection 1. The rate of tax shall not be more than one
30 percent as set by the county board of supervisors. The state
31 commissioner of elections shall establish by rule the form for
32 the ballot proposition which form shall be uniform throughout
33 the state.

34 Sec. 10. Section 423.12, Code 1999, is amended by adding
35 the following new unnumbered paragraph:

1 NEW UNNUMBERED PARAGRAPH. An increase or decrease in the
2 excise tax rate in this section shall only be effective on
3 January 1 or July 1, but not sooner than ninety days after
4 enactment of the rate increase or decrease.

5 Sec. 11. Section 423.16, Code 1999, is amended to read as
6 follows:

7 423.16 DETERMINATION BY DEPARTMENT.

8 If any return required by this chapter is not filed, or if
9 any return when filed is incorrect or insufficient, and the
10 maker or person from whom it is due fails to file a corrected
11 or sufficient return within twenty days after the same is
12 required by notice from the department, the department shall
13 have the same power to determine the amount due, as is vested
14 in the department by sections 422.54, 422.55, and 422.57,
15 subject to all of the provisions, and restrictions, and rights
16 to seek judicial review provided in the sections. If a return
17 required by this chapter has been filed, the five-year period
18 of limitation specified in section 422.54, subsection 1, shall
19 apply to the making of a determination by the department of
20 the amount of tax due and to the giving of notice to the
21 taxpayer of such determination. The right to waive the five-
22 year period of limitation as provided in section 422.54,
23 subsection 3, is applicable to this chapter.

24 Sec. 12. EFFECTIVE AND APPLICABILITY DATES.

25 1. Sections 1 through 4, 10, and 11 of this Act take
26 effect January 1, 2000, for state sales and use taxes.

27 2. Sections 5 through 9 of this Act take effect April 1,
28 2000, for local sales and services taxes.

29 EXPLANATION

30 The bill provides that increases or decreases in the rate
31 of state sales and use taxes are to become effective on
32 January 1 or July 1 but not sooner than 90 days following
33 enactment of the increase or decrease in rate. Under Code
34 section 3.7, enactment is accomplished when the governor
35 approves the bill.

1 The bill allows, upon approval of the director of revenue
2 and finance, the consolidated filing of sales tax returns by a
3 parent corporation and its affiliated corporations.

4 The bill reduces the statute of limitations for assessing a
5 tax or applying for a tax refund from five years to three
6 years over a two-year period.

7 The bill also provides that both local option sales and
8 services taxes are to be imposed either on January 1 or July 1
9 but not sooner than 90 days following the favorable election.
10 Repeal of the taxes would be either on June 30 or December 31.

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12 1, 2000. The local option sales and services tax changes are
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SENATE FILE 469

S-3343

1 Amend Senate File 469 as follows:

2 1. Page 2, by inserting after line 24 the
3 following:

4 "Sec. 80. Section 422B.1, subsection 2, paragraph
5 a, subparagraphs (1) and (2), Code 1999, are amended
6 to read as follows:

7 (1) ~~All~~ At least eighty-five percent of the
8 residents of the city live in one county.

9 (2) The county in which at least eighty-five
10 percent of the city residents reside has held an
11 election on the question of the imposition of a local
12 sales and services tax and a majority of those voting
13 on the question in the city favored its imposition.

14 Sec. 81. Section 422B.1, subsection 2, paragraph
15 b, subparagraph (1), Code 1999, is amended to read as
16 follows:

17 (1) The tax shall only be imposed in the area of
18 the city located in the county where ~~none~~ not more
19 than fifteen percent of its the city's residents
20 reside.

21 Sec. 82. Section 422B.1, subsection 2, paragraph
22 e, Code 1999, is amended to read as follows:

23 e. ~~A city is not authorized to impose a local~~
24 ~~sales and services tax under this subsection after~~
25 ~~January 17, 1998.~~ A city that has imposed a local
26 sales and services tax under this subsection ~~on or~~
27 ~~before January 17, 1998,~~ may continue to collect the
28 tax until such time as the tax is repealed by the city
29 and the fact that ~~that~~ the area acquires more than
30 fifteen percent of the city's residents after the tax
31 is imposed shall not affect the imposition or
32 collection of the tax.

33 Sec. _____. Section 422B.1, subsections 3, 5, 6, and
34 10, Code 1999, are amended to read as follows:

35 3. A local option tax shall be imposed only after
36 an election at which a majority of those voting on the
37 question favors imposition and shall then be imposed
38 until repealed as provided in subsection 6, ~~paragraph~~
39 ~~"a"~~. If the tax is a local vehicle tax imposed by a
40 county, it shall apply to all incorporated and
41 unincorporated areas of the county. If the tax is a
42 local sales and services tax imposed by a county, it
43 shall only apply to those incorporated areas and the
44 unincorporated area of that county in which a majority
45 of those voting in the area on the tax favors its
46 imposition. For purposes of the local sales and
47 services tax, all cities contiguous to each other
48 shall be treated as part of one incorporated area and
49 the tax would be imposed in each of those contiguous
50 cities only if the majority of those voting in the

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1 total area covered by the contiguous cities favors its
2 imposition. For purposes of the local sales and
3 services tax, a city is not contiguous to another city
4 if the only road access between the two cities is
5 through another state.

6 5. The county commissioner of elections shall
7 submit the question of imposition of a local option
8 tax at a state general election or at a special
9 election held at any time other than the time of a
10 city regular election. The election shall not be held
11 sooner than sixty days after publication of notice of
12 the ballot proposition. The ballot proposition shall
13 specify the type and rate of tax and in the case of a
14 vehicle tax the classes that will be exempt and in the
15 case of a local sales and services tax the date it
16 will be imposed. The ballot proposition shall also
17 specify the approximate amount of local option tax
18 revenues that will be used for property tax relief and
19 shall contain a statement as to the specific purpose
20 or purposes for which the revenues shall otherwise be
21 expended. If the ballot proposition shall also
22 specify that the local sales and services tax shall
23 automatically be repealed after ten years. However,
24 if the county board of supervisors decides under
25 subsection 6 to specify a an earlier date on which the
26 local option sales and services tax shall
27 automatically be repealed, the that date of the repeal
28 shall also be specified on the ballot. The rate of
29 the vehicle tax shall be in increments of one dollar
30 per vehicle as set by the petition seeking to impose
31 the tax. The rate of a local sales and services tax
32 shall not be more than one percent as set by the
33 governing body. The state commissioner of elections
34 shall establish by rule the form for the ballot
35 proposition which form shall be uniform throughout the
36 state.

37 6. a. If a majority of those voting on the
38 question of imposition of a local option tax favor
39 imposition of a local option tax, the governing body
40 of that county shall impose the tax at the rate
41 specified for an unlimited period, in the case of a
42 local vehicle tax, and for a period of no more than
43 ten years, in the case of a local sales and services
44 tax. However, in the case of a local sales and
45 services tax, the county shall not impose the tax in
46 any incorporated area or the unincorporated area if
47 the majority of those voting on the tax in that area
48 did not favor its imposition. For purposes of the
49 local sales and services tax, all cities contiguous to
50 each other shall be treated as part of one

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1 incorporated area and the tax shall be imposed in each
2 of those contiguous cities only if the majority of
3 those voting on the tax in the total area covered by
4 the contiguous cities favored its imposition. The
5 local option tax may be repealed or the rate increased
6 or decreased or the use thereof changed after an
7 election at which a majority of those voting on the
8 question of repeal or rate or use change favored the
9 repeal or rate or use change. The election at which
10 the question of repeal or rate or use change is
11 offered shall be called and held in the same manner
12 and under the same conditions as provided in
13 subsections 4 and 5 for the election on the imposition
14 of the local option tax. However, in the case of a
15 local sales and services tax where the tax has not
16 been imposed countywide, the question of repeal or
17 imposition or rate or use change shall be voted on
18 only by the registered voters of the areas of the
19 county where the tax has been imposed or has not been
20 imposed, as appropriate. However, the governing body
21 of the incorporated area or unincorporated area where
22 the local sales and services tax is imposed may, upon
23 its own motion, request the county commissioner of
24 elections to hold an election in the incorporated or
25 unincorporated area, as appropriate, on the question
26 of the change in use of local sales and services tax
27 revenues. The election may be held at any time but
28 not sooner than sixty days following publication of
29 the ballot proposition. If a majority of those voting
30 in the incorporated or unincorporated area on the
31 change in use favor the change, the governing body of
32 that area shall change the use to which the revenues
33 shall be used. The ballot proposition shall list the
34 present use of the revenues, the proposed use, and the
35 date after which revenues received will be used for
36 the new use.

37 When submitting the question of the imposition of a
38 local sales and services tax, the county board of
39 supervisors may direct that the question contain a
40 provision for the repeal, without election, of the
41 local sales and services tax on a specific date, which
42 date is earlier than the ten years specified in
43 paragraph "c" and which date shall be the end of a
44 calendar quarter.

45 b. Within ten days of the election at which a
46 majority of those voting on the question favors the
47 imposition, repeal, or change in the rate of a local
48 option tax, the governing body shall give written
49 notice to the director of revenue and finance or, in
50 the case of a local vehicle tax, to the director of

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1 the department of transportation, of the result of the
2 election.

3 c. Unless earlier repealed as provided in
4 paragraph "a" of this subsection or subsection 9, a
5 local sales and services tax is repealed as follows:

6 (1) If the tax is initially imposed on or after
7 July 1, 1999, the tax is repealed ten years following
8 imposition.

9 (2) If the tax was initially imposed prior to July
10 1, 1999, the tax is repealed as follows:

11 (a) In those areas where obligations payable as
12 provided in section 422B.12 are not outstanding on
13 July 1, 1999, the tax is repealed June 30, 2009.

14 (b) In those areas where obligations payable as
15 provided in section 422B.12 are outstanding on July 1,
16 1999, the tax is repealed on June 30, 2009, or at the
17 end of the first calendar quarter following the date
18 the obligations are paid, whichever is later.

19 d. A tax may be extended beyond the applicable
20 repeal date in paragraph "c", if an election is held
21 and the voters approve the extension. The extended
22 tax shall be automatically repealed in ten years
23 unless earlier repealed. Any number of extensions are
24 allowed.

25 10. Notwithstanding subsection 9 or any other
26 contrary provision of this chapter, a local option
27 sales and services tax shall not be repealed or
28 reduced in rate if obligations are outstanding which
29 are payable as provided in section 422B.12, unless
30 funds sufficient to pay the principal, interest, and
31 premium, if any, on the outstanding obligations at and
32 prior to maturity have been properly set aside and
33 pledged for that purpose. The restriction on repeals
34 in this subsection does not apply to the repeal
35 provisions in subsection 6, paragraph "c".

36 2. Page 6, by inserting after line 33 the
37 following:

38 "Sec. ____ . Section 422E.3, subsection 5, paragraph
39 c, Code 1999, is amended to read as follows:

40 c. The director shall remit a final payment of the
41 remainder of tax moneys due for the fiscal year before
42 November 10 of the next fiscal year. If an
43 overpayment has resulted during the previous fiscal
44 year, the ~~first November~~ payment ~~of the new fiscal~~
45 year shall be adjusted to reflect any overpayment.

46 Sec. 102. Section 422E.3, Code 1999, is amended by
47 adding the following new subsection:

48 NEW SUBSECTION. 7. Construction contractors may
49 make application to the department for a refund of the
50 additional local sales and services tax paid under

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1 this chapter by reason of taxes paid on goods, wares,
2 or merchandise under the conditions specified in
3 section 422B.11. The refund shall be paid by the
4 department from the appropriate school district's
5 account in the local sales and services tax fund. The
6 penalty provisions contained in section 422B.11,
7 subsection 3, shall apply regarding an erroneous
8 application for refund of local sales and services tax
9 paid under this chapter.

10 Sec. 103. Section 422E.3, Code 1999, is amended by
11 adding the following new subsection:

12 NEW SUBSECTION. 8. Notwithstanding section
13 422E.1, subsection 3, if a school district receives
14 local option sales and services tax for school
15 infrastructure revenue in an amount exceeding that
16 amount required to facilitate the school
17 infrastructure purpose or purposes stated on the
18 ballot proposition, the excess revenue may be expended
19 by the district to reduce property taxes previously
20 imposed pursuant to section 257.41, 257.46, 298.2,
21 298.4, or 298.10, or in lieu of the imposition of
22 additional tax pursuant to those sections.

23 Sec. 83. Section 422E.4, unnumbered paragraph 2,
24 Code 1999, is amended to read as follows:

25 A school district in which a local option sales tax
26 for school infrastructure purposes has been imposed
27 shall be authorized to enter into a chapter 28E
28 agreement with one or more cities or a county whose
29 boundaries encompass all or a part of the area of the
30 school district. A city or cities entering into a
31 chapter 28E agreement shall be authorized to expend
32 its designated portion of the local option sales and
33 services tax revenues for any valid purpose permitted
34 in this chapter or authorized by the governing body of
35 the city. A county entering into a chapter 28E
36 agreement with a school district in which a local
37 option sales tax for school infrastructure purposes
38 has been imposed shall be authorized to expend its
39 designated portion of the local option sales and
40 services tax revenues to provide property tax relief
41 within the boundaries of the school district located
42 in the county. A school district where a local option
43 sales and services tax is imposed is also authorized
44 to enter into a chapter 28E agreement with another
45 school district which is located partially or entirely
46 in or is contiguous to the county where the tax is
47 imposed. The school district shall only expend its
48 designated portion of the local option sales and
49 services tax for infrastructure purposes."

50 3. Page 7, by inserting after line 28 the

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1 following:

2 "____. Sections 102 and 103 of this Act are
3 retroactively applicable to July 1, 1998.

4 _____. Sections 80, 81, 82, and 83 of this Act,
5 being deemed of immediate importance, take effect upon
6 enactment."

7 4. Title page, line 7, by striking the words "and
8 including" and inserting the following: "allowing
9 cities in more than one county to impose the tax,
10 providing for refunds of tax payable to construction
11 contractors, allowing for 28E agreements to be entered
12 into between school districts and counties or other
13 school districts, and providing for utilization of
14 excess revenue for property tax reduction, and
15 including retroactive applicability and".

By MIKE CONNOLLY
JOANN JOHNSON
NANCY BOETTGER

S-3343 FILED APRIL 13, 1999

ADOPTED

(P.1104)

SENATE FILE 469

S-3349

1 Amend the amendment, S-3343, to Senate File 469, as
2 follows:

3 1. Page 5, line 20, by striking the figure
4 "257.46,".

By MIKE CONNOLLY

S-3349 FILED APRIL 13, 1999

WITHDRAWN (P.1101)

SENATE FILE 469

S-3358

1 Amend the amendment, S-3343, to Senate File 469, as
2 follows:

3 1. Page 1, by striking lines 23 through 27 and
4 inserting the following:

5 "e. A city is not authorized to impose a local
6 sales and services tax under this subsection after
7 ~~January-17-1998~~ July 1, 2002. A city that has imposed
8 a local sales and services tax under this subsection
9 on or before ~~January-17-1998~~ July 1, 2002, may
10 continue to collect the".

By DERRYL McLAREN

S-3358 FILED APRIL 13, 1999

ADOPTED

(P.1101)

SENATE FILE 469

S-3360

1 Amend the amendment, S-3343, to Senate File 469, as
2 follows:

3 1. Page 5, by striking lines 10 through 22.
By MIKE CONNOLLY

S-3360 FILED APRIL 13, 1999

ADOPTED

(P.1104)

1 Section 1. Section 422.43, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 14. An increase or decrease in the retail
4 sales tax rate shall only be effective on January 1 or July 1,
5 but not sooner than ninety days after enactment of the rate
6 increase or decrease.

7 Sec. 2. Section 422.51, Code 1999, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 5. Upon making application and receiving
10 approval from the director, a parent corporation and its
11 affiliated corporations that make retail sales of tangible
12 personal property or taxable enumerated services may make
13 deposits and file a consolidated sales tax return for the
14 affiliated group, pursuant to rules adopted by the director.
15 A parent corporation and each affiliate corporation that files
16 a consolidated return is jointly and severally liable for all
17 tax, penalty, and interest found due for the tax period for
18 which a consolidated return is filed or required to be filed.

19 Sec. 3. Section 422.54, subsections 1 and 3, Code 1999,
20 are amended to read as follows:

21 1. As soon as practicable after a return is filed and in
22 any event within ~~five~~ four years after the return is filed, if
23 filed for quarterly periods beginning on or after January 1,
24 2000, and before January 1, 2001, and within three years after
25 the return is filed, if filed for quarterly periods beginning
26 on or after January 1, 2001, the department shall examine it,
27 assess and determine the tax due if the return is found to be
28 incorrect, and give notice to the taxpayer of the assessment
29 and determination as provided in subsection 2. The period for
30 the examination and determination of the correct amount of tax
31 is unlimited in the case of a false or fraudulent return made
32 with the intent to evade tax or in the case of a failure to
33 file a return.

34 3. The ~~five-year~~ four-year or three-year period of
35 limitation, as applicable, provided in subsection 1 may be

1 extended by a taxpayer by signing a waiver agreement form to
2 be provided by the department. The agreement shall stipulate
3 the period of extension and the tax period to which the
4 extension applies. The agreement shall also provide that a
5 claim for refund may be filed by the taxpayer at any time
6 during the period of extension.

7 Sec. 4. Section 422.73, subsection 1, Code 1999, is
8 amended to read as follows:

9 1. If it shall appear that, as a result of mistake, an
10 amount of tax, penalty, or interest has been paid which was
11 not due under the provisions of division IV of this chapter or
12 chapter 423, then such amount shall be credited against any
13 tax due, or to become due, on the books of the department from
14 the person who made the erroneous payment, or such amount
15 shall be refunded to such person by the department. A claim
16 for refund or credit that has not been filed with the
17 department within five four years after the tax payment for
18 quarterly periods beginning on or after January 1, 2000, and
19 before January 1, 2001, upon which a refund or credit is
20 claimed became due, and within three years after the tax
21 payment for quarterly periods beginning on or after January 1,
22 2001, upon which a refund or credit is claimed became due, or
23 one year after such tax payment was made, whichever time is
24 the later, shall not be allowed by the director.

25 Sec. 5. Section 422B.1, subsection 2, paragraph a,
26 subparagraphs (1) and (2), Code 1999, are amended to read as
27 follows:

28 (1) At least eighty-five percent of the residents of
29 the city live in one county.

30 (2) The county in which at least eighty-five percent of
31 the city residents reside has held an election on the question
32 of the imposition of a local sales and services tax and a
33 majority of those voting on the question in the city favored
34 its imposition.

35 Sec. 6. Section 422B.1, subsection 2, paragraph b,

1 subparagraph (1), Code 1999, is amended to read as follows:

2 (1) The tax shall only be imposed in the area of the city
3 located in the county where none not more than fifteen percent
4 of its the city's residents reside.

5 Sec. 7. Section 422B.1, subsection 2, paragraph e, Code
6 1999, is amended to read as follows:

7 e. A city is not authorized to impose a local sales and
8 services tax under this subsection after ~~January 17, 1998~~ July
9 1, 2002. A city that has imposed a local sales and services
10 tax under this subsection on or before ~~January 17, 1998~~ July 1,
11 2002, may continue to collect the tax until such time as the
12 tax is repealed by the city and the fact that ~~that~~ the area
13 acquires more than fifteen percent of the city's residents
14 after the tax is imposed shall not affect the imposition or
15 collection of the tax.

16 Sec. 8. Section 422B.1, subsections 3, 5, 6, and 10, Code
17 1999, are amended to read as follows:

18 3. A local option tax shall be imposed only after an
19 election at which a majority of those voting on the question
20 favours imposition and shall then be imposed until repealed as
21 provided in subsection ~~67~~-paragraph-"a". If the tax is a
22 local vehicle tax imposed by a county, it shall apply to all
23 incorporated and unincorporated areas of the county. If the
24 tax is a local sales and services tax imposed by a county, it
25 shall only apply to those incorporated areas and the
26 unincorporated area of that county in which a majority of
27 those voting in the area on the tax favors its imposition.
28 For purposes of the local sales and services tax, all cities
29 contiguous to each other shall be treated as part of one
30 incorporated area and the tax would be imposed in each of
31 those contiguous cities only if the majority of those voting
32 in the total area covered by the contiguous cities favors its
33 imposition. For purposes of the local sales and services tax,
34 a city is not contiguous to another city if the only road
35 access between the two cities is through another state.

1 5. The county commissioner of elections shall submit the
2 question of imposition of a local option tax at a state
3 general election or at a special election held at any time
4 other than the time of a city regular election. The election
5 shall not be held sooner than sixty days after publication of
6 notice of the ballot proposition. The ballot proposition
7 shall specify the type and rate of tax and in the case of a
8 vehicle tax the classes that will be exempt and in the case of
9 a local sales and services tax the date it will be imposed.
10 The ballot proposition shall also specify the approximate
11 amount of local option tax revenues that will be used for
12 property tax relief and shall contain a statement as to the
13 specific purpose or purposes for which the revenues shall
14 otherwise be expended. if The ballot proposition shall also
15 specify that the local sales and services tax shall
16 automatically be repealed after ten years. However, if the
17 county board of supervisors decides under subsection 6 to
18 specify a an earlier date on which the local option sales and
19 services tax shall automatically be repealed, the that date of
20 the repeal shall also be specified on the ballot. The rate of
21 the vehicle tax shall be in increments of one dollar per
22 vehicle as set by the petition seeking to impose the tax. The
23 rate of a local sales and services tax shall not be more than
24 one percent as set by the governing body. The state
25 commissioner of elections shall establish by rule the form for
26 the ballot proposition which form shall be uniform throughout
27 the state.

28 6. a. If a majority of those voting on the question of
29 imposition of a local option tax favor imposition of a local
30 option tax, the governing body of that county shall impose the
31 tax at the rate specified for an unlimited period, in the case
32 of a local vehicle tax, and for a period of no more than ten
33 years, in the case of a local sales and services tax.
34 However, in the case of a local sales and services tax, the
35 county shall not impose the tax in any incorporated area or

1 the unincorporated area if the majority of those voting on the
2 tax in that area did not favor its imposition. For purposes
3 of the local sales and services tax, all cities contiguous to
4 each other shall be treated as part of one incorporated area
5 and the tax shall be imposed in each of those contiguous
6 cities only if the majority of those voting on the tax in the
7 total area covered by the contiguous cities favored its
8 imposition. The local option tax may be repealed or the rate
9 increased or decreased or the use thereof changed after an
10 election at which a majority of those voting on the question
11 of repeal or rate or use change favored the repeal or rate or
12 use change. The election at which the question of repeal or
13 rate or use change is offered shall be called and held in the
14 same manner and under the same conditions as provided in
15 subsections 4 and 5 for the election on the imposition of the
16 local option tax. However, in the case of a local sales and
17 services tax where the tax has not been imposed countywide,
18 the question of repeal or imposition or rate or use change
19 shall be voted on only by the registered voters of the areas
20 of the county where the tax has been imposed or has not been
21 imposed, as appropriate. However, the governing body of the
22 incorporated area or unincorporated area where the local sales
23 and services tax is imposed may, upon its own motion, request
24 the county commissioner of elections to hold an election in
25 the incorporated or unincorporated area, as appropriate, on
26 the question of the change in use of local sales and services
27 tax revenues. The election may be held at any time but not
28 sooner than sixty days following publication of the ballot
29 proposition. If a majority of those voting in the
30 incorporated or unincorporated area on the change in use favor
31 the change, the governing body of that area shall change the
32 use to which the revenues shall be used. The ballot
33 proposition shall list the present use of the revenues, the
34 proposed use, and the date after which revenues received will
35 be used for the new use.

1 When submitting the question of the imposition of a local
2 sales and services tax, the county board of supervisors may
3 direct that the question contain a provision for the repeal,
4 without election, of the local sales and services tax on a
5 specific date, which date is earlier than the ten years
6 specified in paragraph "c" and which date shall be the end of
7 a calendar quarter.

8 b. Within ten days of the election at which a majority of
9 those voting on the question favors the imposition, repeal, or
10 change in the rate of a local option tax, the governing body
11 shall give written notice to the director of revenue and
12 finance or, in the case of a local vehicle tax, to the
13 director of the department of transportation, of the result of
14 the election.

15 c. Unless earlier repealed as provided in paragraph "a" of
16 this subsection or subsection 9, a local sales and services
17 tax is repealed as follows:

18 (1) If the tax is initially imposed on or after July 1,
19 1999, the tax is repealed ten years following imposition.

20 (2) If the tax was initially imposed prior to July 1,
21 1999, the tax is repealed as follows:

22 (a) In those areas where obligations payable as provided
23 in section 422B.12 are not outstanding on July 1, 1999, the
24 tax is repealed June 30, 2009.

25 (b) In those areas where obligations payable as provided
26 in section 422B.12 are outstanding on July 1, 1999, the tax is
27 repealed on June 30, 2009, or at the end of the first calendar
28 quarter following the date the obligations are paid, whichever
29 is later.

30 d. A tax may be extended beyond the applicable repeal date
31 in paragraph "c", if an election is held and the voters
32 approve the extension. The extended tax shall be
33 automatically repealed in ten years unless earlier repealed.
34 Any number of extensions are allowed.

35 10. Notwithstanding subsection 9 or any other contrary

1 provision of this chapter, a local option sales and services
2 tax shall not be repealed or reduced in rate if obligations
3 are outstanding which are payable as provided in section
4 422B.12, unless funds sufficient to pay the principal,
5 interest, and premium, if any, on the outstanding obligations
6 at and prior to maturity have been properly set aside and
7 pledged for that purpose. The restriction on repeals in this
8 subsection does not apply to the repeal provisions in
9 subsection 6, paragraph "c".

10 Sec. 9. Section 422B.1, subsection 5, Code 1999, is
11 amended to read as follows:

12 5. The county commissioner of elections shall submit the
13 question of imposition of a local option tax at a state
14 general election or at a special election held at any time
15 other than the time of a city regular election. The election
16 shall not be held sooner than sixty days after publication of
17 notice of the ballot proposition. The ballot proposition
18 shall specify the type and rate of tax and in the case of a
19 vehicle tax the classes that will be exempt and in the case of
20 a local sales and services tax the date it will be imposed
21 which date shall not be earlier than ninety days following the
22 election. The ballot proposition shall also specify the
23 approximate amount of local option tax revenues that will be
24 used for property tax relief and shall contain a statement as
25 to the specific purpose or purposes for which the revenues
26 shall otherwise be expended. If the county board of
27 supervisors decides under subsection 6 to specify a date on
28 which the local option sales and services tax shall
29 automatically be repealed, the date of the repeal shall also
30 be specified on the ballot. The rate of the vehicle tax shall
31 be in increments of one dollar per vehicle as set by the
32 petition seeking to impose the tax. The rate of a local sales
33 and services tax shall not be more than one percent as set by
34 the governing body. The state commissioner of elections shall
35 establish by rule the form for the ballot proposition which

1 form shall be uniform throughout the state.

2 Sec. 10. Section 422B.1, subsection 6, paragraph a, Code
3 1999, is amended to read as follows:

4 6. a. If a majority of those voting on the question of
5 imposition of a local option tax favor imposition of a local
6 option tax, the governing body of that county shall impose the
7 tax at the rate specified for an unlimited period. However,
8 in the case of a local sales and services tax, the county
9 shall not impose the tax in any incorporated area or the
10 unincorporated area if the majority of those voting on the tax
11 in that area did not favor its imposition. For purposes of
12 the local sales and services tax, all cities contiguous to
13 each other shall be treated as part of one incorporated area
14 and the tax shall be imposed in each of those contiguous
15 cities only if the majority of those voting on the tax in the
16 total area covered by the contiguous cities favored its
17 imposition. The local option tax may be repealed or the rate
18 increased or decreased or the use thereof changed after an
19 election at which a majority of those voting on the question
20 of repeal or rate or use change favored the repeal or rate or
21 use change. The date on which the repeal, rate, or use change
22 is to take effect shall not be earlier than ninety days
23 following the election. The election at which the question of
24 repeal or rate or use change is offered shall be called and
25 held in the same manner and under the same conditions as
26 provided in subsections 4 and 5 for the election on the
27 imposition of the local option tax. However, in the case of a
28 local sales and services tax where the tax has not been
29 imposed countywide, the question of repeal or imposition or
30 rate or use change shall be voted on only by the registered
31 voters of the areas of the county where the tax has been
32 imposed or has not been imposed, as appropriate. However, the
33 governing body of the incorporated area or unincorporated area
34 where the local sales and services tax is imposed may, upon
35 its own motion, request the county commissioner of elections

1 to hold an election in the incorporated or unincorporated
2 area, as appropriate, on the question of the change in use of
3 local sales and services tax revenues. The election may be
4 held at any time but not sooner than sixty days following
5 publication of the ballot proposition. If a majority of those
6 voting in the incorporated or unincorporated area on the
7 change in use favor the change, the governing body of that
8 area shall change the use to which the revenues shall be used.
9 The ballot proposition shall list the present use of the
10 revenues, the proposed use, and the date after which revenues
11 received will be used for the new use.

12 When submitting the question of the imposition of a local
13 sales and services tax, the county board of supervisors may
14 direct that the question contain a provision for the repeal,
15 without election, of the local sales and services tax on a
16 specific date, which date shall be ~~the-end-of-a-calendar~~
17 quarter as provided in section 422B.9, subsection 1.

18 Sec. 11. Section 422B.1, subsection 9, Code 1999, is
19 amended to read as follows:

20 9. In a county that has imposed a local option sales and
21 services tax, the board of supervisors shall, notwithstanding
22 any contrary provision of this chapter, repeal the local
23 option sales and services tax in the unincorporated areas or
24 in an incorporated city area in which the tax has been imposed
25 upon adoption of its own motion for repeal in the
26 unincorporated areas or upon receipt of a motion adopted by
27 the governing body of that incorporated city area requesting
28 repeal. The board of supervisors shall repeal the local
29 option sales and services tax effective ~~at-the-end-of-the~~
30 ~~calendar-quarter-during-which-it-adopted-the-repeal-motion-or~~
31 ~~the-motion-for-the-repeal-was-received~~ on the later of the
32 date of the adoption of the repeal motion or the earliest date
33 specified in section 422B.9, subsection 1. For purposes of
34 this subsection, incorporated city area includes an
35 incorporated city which is contiguous to another incorporated

1 city.

2 Sec. 12. Section 422B.9, subsection 1, Code 1999, is
3 amended to read as follows:

4 1. a. A local sales and services tax shall be imposed
5 either January 1 ~~7~~-~~April-17~~ or July 1 ~~or-October-1~~ following
6 the notification of the director of revenue and finance but
7 not sooner than ninety days following the favorable election.

8 b. A local sales and services tax shall be repealed only
9 on ~~March-317~~, June 30 ~~7~~-~~September-307~~ or December 31 but not
10 sooner than ninety days following the favorable election if
11 one is held. However, a local sales and services tax shall
12 not be repealed before the tax has been in effect for one
13 year. At least forty days before the imposition or repeal of
14 the tax, a county shall provide notice of the action by
15 certified mail to the director of revenue and finance.

16 c. If a local sales and services tax has been imposed
17 prior to the effective date of this section of this Act and at
18 the time of the election a date for repeal was specified on
19 the ballot, the local sales and services tax may be repealed
20 on that date, notwithstanding paragraph "b".

21 Sec. 13. Section 422E.2, subsections 1 and 3, Code 1999,
22 are amended to read as follows:

23 1. a. A local sales and services tax shall be imposed by
24 a county only after an election at which a majority of those
25 voting on the question favors imposition. The effective date
26 shall be either January 1 or July 1 but not sooner than ninety
27 days following the favorable election. A local sales and
28 services tax approved by a majority vote shall apply to all
29 incorporated and unincorporated areas of that county.

30 b. A local sales and services tax shall be repealed on
31 either June 30 or December 31 but not sooner than ninety days
32 following the favorable election, if one is held.

33 c. If a local sales and services tax has been imposed
34 prior to the effective date of this section of this Act and at
35 the time of the election a date for repeal was specified on

1 the ballot, the local sales and services tax may be repealed
2 on that date, notwithstanding paragraph "b".

3 3. The county commissioner of elections shall submit the
4 question of imposition of a local sales and services tax for
5 school infrastructure purposes at a state general election or
6 at a special election held at any time other than the time of
7 a city regular election. The election shall not be held
8 sooner than sixty days after publication of notice of the
9 ballot proposition. The ballot proposition shall specify the
10 rate of tax, the date the tax will be imposed and repealed,
11 and shall contain a statement as to the specific purpose or
12 purposes for which the revenues shall be expended. The dates
13 for the imposition and repeal of the tax shall be as provided
14 in subsection 1. The rate of tax shall not be more than one
15 percent as set by the county board of supervisors. The state
16 commissioner of elections shall establish by rule the form for
17 the ballot proposition which form shall be uniform throughout
18 the state.

19 Sec. 14. Section 422E.3, subsection 5, paragraph c, Code
20 1999, is amended to read as follows:

21 c. The director shall remit a final payment of the
22 remainder of tax moneys due for the fiscal year before
23 November 10 of the next fiscal year. If an overpayment has
24 resulted during the previous fiscal year, the first November
25 payment of the new fiscal year shall be adjusted to reflect
26 any overpayment.

27 Sec. 15. Section 422E.3, Code 1999, is amended by adding
28 the following new subsection:

29 NEW SUBSECTION. 7. Construction contractors may make
30 application to the department for a refund of the additional
31 local sales and services tax paid under this chapter by reason
32 of taxes paid on goods, wares, or merchandise under the
33 conditions specified in section 422B.11. The refund shall be
34 paid by the department from the appropriate school district's
35 account in the local sales and services tax fund. The penalty

1 provisions contained in section 422B.11, subsection 3, shall
2 apply regarding an erroneous application for refund of local
3 sales and services tax paid under this chapter.

4 Sec. 16. Section 422E.4, unnumbered paragraph 2, Code
5 1999, is amended to read as follows:

6 A school district in which a local option sales tax for
7 school infrastructure purposes has been imposed shall be
8 authorized to enter into a chapter 28E agreement with one or
9 more cities or a county whose boundaries encompass all or a
10 part of the area of the school district. A city or cities
11 entering into a chapter 28E agreement shall be authorized to
12 expend its designated portion of the local option sales and
13 services tax revenues for any valid purpose permitted in this
14 chapter or authorized by the governing body of the city. A
15 county entering into a chapter 28E agreement with a school
16 district in which a local option sales tax for school
17 infrastructure purposes has been imposed shall be authorized
18 to expend its designated portion of the local option sales and
19 services tax revenues to provide property tax relief within
20 the boundaries of the school district located in the county.
21 A school district where a local option sales and services tax
22 is imposed is also authorized to enter into a chapter 28E
23 agreement with another school district which is located
24 partially or entirely in or is contiguous to the county where
25 the tax is imposed. The school district shall only expend its
26 designated portion of the local option sales and services tax
27 for infrastructure purposes.

28 Sec. 17. Section 423.12, Code 1999, is amended by adding
29 the following new unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. An increase or decrease in the
31 excise tax rate in this section shall only be effective on
32 January 1 or July 1, but not sooner than ninety days after
33 enactment of the rate increase or decrease.

34 Sec. 18. Section 423.16, Code 1999, is amended to read as
35 follows:

1 423.16 DETERMINATION BY DEPARTMENT.

2 If any return required by this chapter is not filed, or if
3 any return when filed is incorrect or insufficient, and the
4 maker or person from whom it is due fails to file a corrected
5 or sufficient return within twenty days after the same is
6 required by notice from the department, the department shall
7 have the same power to determine the amount due, as is vested
8 in the department by sections 422.54, 422.55, and 422.57,
9 subject to all of the provisions, and restrictions, and rights
10 to seek judicial review provided in the sections. If a return
11 required by this chapter has been filed, the ~~five-year~~ period
12 of limitation specified in section 422.54, subsection 1, shall
13 apply to the making of a determination by the department of
14 the amount of tax due and to the giving of notice to the
15 taxpayer of such determination. The right to waive the ~~five-~~
16 ~~year~~ period of limitation as provided in section 422.54,
17 subsection 3, is applicable to this chapter.

18 Sec. 19. EFFECTIVE AND APPLICABILITY DATES.

- 19 1. Sections 1 through 4, 17, and 18 of this Act take
20 effect January 1, 2000, for state sales and use taxes.
- 21 2. Sections 9 through 13 of this Act take effect April 1,
22 2000, for local sales and services taxes.
- 23 3. Section 15 of this Act is retroactively applicable to
24 July 1, 1998.
- 25 4. Sections 5, 6, 7, and 16 of this Act, being deemed of
26 immediate importance, take effect upon enactment.

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SENATE FILE 469

H-1816

1 Amend Senate File 469, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 9, by inserting after line 17 the
4 following:

5 "Sec. _____. Section 422B.1, subsection 6, paragraph
6 b, Code 1999, is amended to read as follows:

7 b. Within ten days of the election at which a
8 majority of those voting on the question favors the
9 imposition, repeal, or change in the rate of a local
10 option tax, the governing-body county auditor shall
11 give written notice by sending a copy of the abstract
12 of the ballot from the favorable election to the
13 director of revenue and finance or, in the case of a
14 local vehicle tax, to the director of the department
15 of transportation, of the result of the election."

16 2. Page 10, by inserting after line 1 the
17 following:

18 "Sec. _____. Section 422B.8, unnumbered paragraph 1,
19 Code 1999, is amended to read as follows:

20 A local sales and services tax at the rate of not
21 more than one percent may be imposed by a county on
22 the gross receipts taxed by the state under chapter
23 422, division IV. A local sales and services tax
24 shall be imposed on the same basis as the state sales
25 and services tax and may not be imposed on the sale of
26 any property or on any service not taxed by the state,
27 except the tax shall not be imposed on the gross
28 receipts from the sale of motor fuel or special fuel
29 as defined in chapter 452A, on the gross receipts from
30 the rental of rooms, apartments, or sleeping quarters
31 which are taxed under chapter 422A during the period
32 the hotel and motel tax is imposed, on the gross
33 receipts from the sale of natural gas or electric
34 energy in a city or county where the gross receipts
35 are subject to a franchise fee or user fee during the
36 period the franchise or user fee is imposed, on the
37 gross receipts from the sale of equipment by the state
38 department of transportation, and on the gross
39 receipts from the sale of a lottery ticket or share in
40 a lottery game conducted pursuant to chapter 99E. A
41 local sales and services tax is applicable to
42 transactions within those incorporated and
43 unincorporated areas of the county where it is imposed
44 and shall be collected by all persons required to
45 collect state gross receipts taxes. However, a person
46 required to collect state retail sales tax under
47 chapter 422, division IV, is not required to collect
48 local sales and services tax on transactions delivered
49 within the area where the local sales and services tax
50 is imposed unless the person has physical presence in

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1 that taxing area. All cities contiguous to each other
2 shall be treated as part of one incorporated area and
3 the tax would be imposed in each of those contiguous
4 cities only if the majority of those voting in the
5 total area covered by the contiguous cities favor its
6 imposition."

7 3. Page 10, by inserting after line 20 the
8 following:

9 "Sec. _____. Section 422B.10, subsection 3, Code
10 1999, is amended by adding the following new
11 paragraph:

12 NEW PARAGRAPH. c. If a subsequent certified
13 census exists which modifies that most recent
14 certified federal census for a participating
15 jurisdiction under paragraphs "a" and "b", the
16 computations under paragraphs "a" and "b" shall
17 utilize the subsequent certified census in the
18 distribution formula under rules established by the
19 director of revenue and finance."

20 4. Page 11, by inserting after line 18 the
21 following:

22 "Sec. _____. Section 422E.2, subsection 4, paragraph
23 b, unnumbered paragraph 1, Code 1999, is amended to
24 read as follows:

25 Within ten days of the election at which a majority
26 of those voting on the question favors the imposition,
27 repeal, or change in the rate of the tax, the county
28 board-of-supervisors auditor shall give written notice
29 by sending a copy of the abstract of ballot from the
30 favorable election to the director of revenue and
31 finance of the result of the election. Election costs
32 shall be apportioned among school districts within the
33 county on a pro rata basis in proportion to the number
34 of registered voters in each school district and the
35 total number of registered voters in all of the school
36 districts within the county.

37 Sec. _____. Section 422E.3, subsection 3, Code 1999,
38 is amended to read as follows:

39 3. The tax is applicable to transactions within
40 the county where it is imposed and shall be collected
41 by all persons required to collect state gross
42 receipts taxes. However, a person required to collect
43 state retail sales tax under chapter 422, division IV,
44 is not required to collect local sales and services
45 tax on transactions delivered within the area where
46 the local sales and services tax is imposed unless the
47 person has physical presence in that taxing area. The
48 amount of the sale, for purposes of determining the
49 amount of the tax, does not include the amount of any
50 state gross receipts taxes or other local option sales

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taxes. A tax permit other than the state tax permit
2 required under section 422.53 shall not be required by
3 local authorities."

By JENKINS of Black Hawk

H-1816 FILED APRIL 26, 1999

Adopted 4-27-99
(P. 1745)

SENATE FILE 469

H-1837

1 Amend Senate File 469, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 3, line 9, by striking the figure "2002"
4 and inserting the following: "2000".
5 2. Page 3, line 11, by striking the figure "2002"
6 and inserting the following: "2000".

By RICHARDSON of Warren

H-1837 FILED APRIL 26, 1999

Adopted 4-27-99
(P. 1790)

SENATE FILE 469

H-1729

1 Amend Senate File 469, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. By striking page 3, line 16, through page 7,
4 line 9.
5 2. Page 13, by striking line 23 and inserting the
6 following:
7 "3. Sections 15 and 16 of this Act, being deemed
8 of immediate importance, take effect upon enactment
9 and apply retroactively to".
10 3. Page 13, line 25, by striking the word and
11 figures "7, and 16" and inserting the following: "and
12 7".

By COMMITTEE ON WAYS AND MEANS
VAN FOSSEN of Scott, Chairperson

H-1729 FILED APRIL 21, 1999

Adopted
4-27-99 (P. 1743)

HOUSE AMENDMENT TO
SENATE FILE 469

S-3498

1 Amend Senate File 469, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 3, line 9, by striking the figure "2002"
4 and inserting the following: "2000".

5 2. Page 3, line 11, by striking the figure "2002"
6 and inserting the following: "2000".

7 3. By striking page 3, line 16, through page 7,
8 line 9.

9 4. Page 9, by inserting after line 17 the
10 following:

11 "Sec. _____. Section 422B.1, subsection 6, paragraph
12 b, Code 1999, is amended to read as follows:

13 b. Within ten days of the election at which a
14 majority of those voting on the question favors the
15 imposition, repeal, or change in the rate of a local
16 option tax, the governing-body county auditor shall
17 give written notice by sending a copy of the abstract
18 of the ballot from the favorable election to the
19 director of revenue and finance or, in the case of a
20 local vehicle tax, to the director of the department
21 of transportation, of the result of the election."

22 5. Page 10, by inserting after line 1 the
23 following:

24 "Sec. _____. Section 422B.8, unnumbered paragraph 1,
25 Code 1999, is amended to read as follows:

26 A local sales and services tax at the rate of not
27 more than one percent may be imposed by a county on
28 the gross receipts taxed by the state under chapter
29 422, division IV. A local sales and services tax
30 shall be imposed on the same basis as the state sales
31 and services tax and may not be imposed on the sale of
32 any property or on any service not taxed by the state,
33 except the tax shall not be imposed on the gross
34 receipts from the sale of motor fuel or special fuel
35 as defined in chapter 452A, on the gross receipts from
36 the rental of rooms, apartments, or sleeping quarters
37 which are taxed under chapter 422A during the period
38 the hotel and motel tax is imposed, on the gross
39 receipts from the sale of natural gas or electric
40 energy in a city or county where the gross receipts
41 are subject to a franchise fee or user fee during the
42 period the franchise or user fee is imposed, on the
43 gross receipts from the sale of equipment by the state
44 department of transportation, and on the gross
45 receipts from the sale of a lottery ticket or share in
46 a lottery game conducted pursuant to chapter 99E. A
47 local sales and services tax is applicable to
48 transactions within those incorporated and
49 unincorporated areas of the county where it is imposed
50 and shall be collected by all persons required to

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1 collect state gross receipts taxes. However, a person
2 required to collect state retail sales tax under
3 chapter 422, division IV, is not required to collect
4 local sales and services tax on transactions delivered
5 within the area where the local sales and services tax
6 is imposed unless the person has physical presence in
7 that taxing area. All cities contiguous to each other
8 shall be treated as part of one incorporated area and
9 the tax would be imposed in each of those contiguous
10 cities only if the majority of those voting in the
11 total area covered by the contiguous cities favor its
12 imposition."

13 6. Page 10, by inserting after line 20 the
14 following:

15 "Sec. ____ . Section 422B.10, subsection 3, Code
16 1999, is amended by adding the following new
17 paragraph:

18 NEW PARAGRAPH. c. If a subsequent certified
19 census exists which modifies that most recent
20 certified federal census for a participating
21 jurisdiction under paragraphs "a" and "b", the
22 computations under paragraphs "a" and "b" shall
23 utilize the subsequent certified census in the
24 distribution formula under rules established by the
25 director of revenue and finance."

26 7. Page 11, by inserting after line 18 the
27 following:

28 "Sec. ____ . Section 422E.2, subsection 4, paragraph
29 b, unnumbered paragraph 1, Code 1999, is amended to
30 read as follows:

31 Within ten days of the election at which a majority
32 of those voting on the question favors the imposition,
33 repeal, or change in the rate of the tax, the county
34 ~~board-of-supervisors~~ auditor shall give written notice
35 by sending a copy of the abstract of ballot from the
36 favorable election to the director of revenue and
37 finance of the result of the election. Election costs
38 shall be apportioned among school districts within the
39 county on a pro rata basis in proportion to the number
40 of registered voters in each school district and the
41 total number of registered voters in all of the school
42 districts within the county.

43 Sec. ____ . Section 422E.3, subsection 3, Code 1999,
44 is amended to read as follows:

45 3. The tax is applicable to transactions within
46 the county where it is imposed and shall be collected
47 by all persons required to collect state gross
48 receipts taxes. However, a person required to collect
49 state retail sales tax under chapter 422, division IV,
50 is not required to collect local sales and services

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1 tax on transactions delivered within the area where
2 the local sales and services tax is imposed unless the
3 person has physical presence in that taxing area. The
4 amount of the sale, for purposes of determining the
5 amount of the tax, does not include the amount of any
6 state gross receipts taxes or other local option sales
7 taxes. A tax permit other than the state tax permit
8 required under section 422.53 shall not be required by
9 local authorities."

10 8. Page 13, by striking line 23 and inserting the
11 following:

12 "3. Sections 15 and 16 of this Act, being deemed
13 of immediate importance, take effect upon enactment
14 and apply retroactively to".

15 9. Page 13, line 25, by striking the word and
16 figures "7, and 16" and inserting the following: "and
17 7".

18 10. By renumbering, relettering, or redesignating
19 and correcting internal references as necessary.

RECEIVED FROM THE HOUSE

S-3498 FILED APRIL 27, 1999

*Senate Concurred**4-28-99**(P. 1378)*

AN ACT

RELATING TO THE STATE SALES AND USE TAXES BY PROVIDING FOR THE EFFECTIVE DATE FOR ANY RATE INCREASE OR DECREASE, FILING OF CONSOLIDATED SALES TAX RETURNS BY AFFILIATED CORPORATIONS, CHANGING THE STATUTE OF LIMITATIONS FOR ASSESSING TAX AND APPLYING FOR REFUNDS AND RELATING TO LOCAL SALES AND SERVICES TAXES BY PROVIDING THE EFFECTIVE DATES FOR IMPOSING, REPEALING, OR CHANGING RATES, ALLOWING CITIES IN MORE THAN ONE COUNTY TO IMPOSE THE TAX, PROVIDING FOR REFUNDS OF TAX PAYABLE TO CONSTRUCTION CONTRACTORS, ALLOWING FOR 28E AGREEMENTS TO BE ENTERED INTO BETWEEN SCHOOL DISTRICTS AND COUNTIES OR OTHER SCHOOL DISTRICTS, AND PROVIDING FOR UTILIZATION OF EXCESS REVENUE FOR PROPERTY TAX REDUCTION, AND INCLUDING RETROACTIVE APPLICABILITY AND EFFECTIVE DATES.

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

Section 1. Section 422.43, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 14. An increase or decrease in the retail sales tax rate shall only be effective on January 1 or July 1, but not sooner than ninety days after enactment of the rate increase or decrease.

Sec. 2. Section 422.51, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 5. Upon making application and receiving approval from the director, a parent corporation and its affiliated corporations that make retail sales of tangible personal property or taxable enumerated services may make deposits and file a consolidated sales tax return for the affiliated group, pursuant to rules adopted by the director.

A parent corporation and each affiliate corporation that files a consolidated return is jointly and severally liable for all tax, penalty, and interest found due for the tax period for which a consolidated return is filed or required to be filed.

Sec. 3. Section 422.54, subsections 1 and 3, Code 1999, are amended to read as follows:

1. As soon as practicable after a return is filed and in any event within five ~~four~~ years after the return is filed, if filed for quarterly periods beginning on or after January 1, 2000, and before January 1, 2001, and within three years after the return is filed, if filed for quarterly periods beginning on or after January 1, 2001, the department shall examine it, assess and determine the tax due if the return is found to be incorrect, and give notice to the taxpayer of the assessment and determination as provided in subsection 2. The period for the examination and determination of the correct amount of tax is unlimited in the case of a false or fraudulent return made with the intent to evade tax or in the case of a failure to file a return.

3. The five-year ~~four-year or three-year~~ period of limitation, as applicable, provided in subsection 1 may be extended by a taxpayer by signing a waiver agreement form to be provided by the department. The agreement shall stipulate the period of extension and the tax period to which the extension applies. The agreement shall also provide that a claim for refund may be filed by the taxpayer at any time during the period of extension.

Sec. 4. Section 422.73, subsection 1, Code 1999, is amended to read as follows:

1. If it shall appear that, as a result of mistake, an amount of tax, penalty, or interest has been paid which was not due under the provisions of division IV of this chapter or chapter 423, then such amount shall be credited against any tax due, or to become due, on the books of the department from

the person who made the erroneous payment, or such amount shall be refunded to such person by the department. A claim for refund or credit that has not been filed with the department within ~~five~~ four years after the tax payment for quarterly periods beginning on or after January 1, 2000, and before January 1, 2001, upon which a refund or credit is claimed became due, and within three years after the tax payment for quarterly periods beginning on or after January 1, 2001, upon which a refund or credit is claimed became due, or one year after such tax payment was made, whichever time is the later, shall not be allowed by the director.

Sec. 5. Section 422B.1, subsection 2, paragraph a, subparagraphs (1) and (2), Code 1999, are amended to read as follows:

(1) ~~All~~ At least eighty-five percent of the residents of the city live in one county.

(2) The county in which at least eighty-five percent of the city residents reside has held an election on the question of the imposition of a local sales and services tax and a majority of those voting on the question in the city favored its imposition.

Sec. 6. Section 422B.1, subsection 2, paragraph b, subparagraph (1), Code 1999, is amended to read as follows:

(1) The tax shall only be imposed in the area of the city located in the county where ~~none~~ not more than fifteen percent of its ~~the~~ city's residents reside.

Sec. 7. Section 422B.1, subsection 2, paragraph e, Code 1999, is amended to read as follows:

e. A city is not authorized to impose a local sales and services tax under this subsection after ~~January-17-1998~~ July 1, 2000. A city that has imposed a local sales and services tax under this subsection on or before ~~January-17-1998~~ July 1, 2000, may continue to collect the tax until such time as the tax is repealed by the city and the fact that ~~that~~ the area

acquires more than fifteen percent of the city's residents after the tax is imposed shall not affect the imposition or collection of the tax.

Sec. 8. Section 422B.1, subsection 5, Code 1999, is amended to read as follows:

5. The county commissioner of elections shall submit the question of imposition of a local option tax at a state general election or at a special election held at any time other than the time of a city regular election. The election shall not be held sooner than sixty days after publication of notice of the ballot proposition. The ballot proposition shall specify the type and rate of tax and in the case of a vehicle tax the classes that will be exempt and in the case of a local sales and services tax the date it will be imposed which date shall not be earlier than ninety days following the election. The ballot proposition shall also specify the approximate amount of local option tax revenues that will be used for property tax relief and shall contain a statement as to the specific purpose or purposes for which the revenues shall otherwise be expended. If the county board of supervisors decides under subsection 6 to specify a date on which the local option sales and services tax shall automatically be repealed, the date of the repeal shall also be specified on the ballot. The rate of the vehicle tax shall be in increments of one dollar per vehicle as set by the petition seeking to impose the tax. The rate of a local sales and services tax shall not be more than one percent as set by the governing body. The state commissioner of elections shall establish by rule the form for the ballot proposition which form shall be uniform throughout the state.

Sec. 9. Section 422B.1, subsection 6, paragraph a, Code 1999, is amended to read as follows:

6. a. If a majority of those voting on the question of imposition of a local option tax favor imposition of a local

option tax, the governing body of that county shall impose the tax at the rate specified for an unlimited period. However, in the case of a local sales and services tax, the county shall not impose the tax in any incorporated area or the unincorporated area if the majority of those voting on the tax in that area did not favor its imposition. For purposes of the local sales and services tax, all cities contiguous to each other shall be treated as part of one incorporated area and the tax shall be imposed in each of those contiguous cities only if the majority of those voting on the tax in the total area covered by the contiguous cities favored its imposition. The local option tax may be repealed or the rate increased or decreased or the use thereof changed after an election at which a majority of those voting on the question of repeal or rate or use change favored the repeal or rate or use change. The date on which the repeal, rate, or use change is to take effect shall not be earlier than ninety days following the election. The election at which the question of repeal or rate or use change is offered shall be called and held in the same manner and under the same conditions as provided in subsections 4 and 5 for the election on the imposition of the local option tax. However, in the case of a local sales and services tax where the tax has not been imposed countywide, the question of repeal or imposition or rate or use change shall be voted on only by the registered voters of the areas of the county where the tax has been imposed or has not been imposed, as appropriate. However, the governing body of the incorporated area or unincorporated area where the local sales and services tax is imposed may, upon its own motion, request the county commissioner of elections to hold an election in the incorporated or unincorporated area, as appropriate, on the question of the change in use of local sales and services tax revenues. The election may be held at any time but not sooner than sixty days following

publication of the ballot proposition. If a majority of those voting in the incorporated or unincorporated area on the change in use favor the change, the governing body of that area shall change the use to which the revenues shall be used. The ballot proposition shall list the present use of the revenues, the proposed use, and the date after which revenues received will be used for the new use.

When submitting the question of the imposition of a local sales and services tax, the county board of supervisors may direct that the question contain a provision for the repeal, without election, of the local sales and services tax on a specific date, which date shall be the end-of-a-calendar quarter as provided in section 422B.9, subsection 1.

Sec. 10. Section 422B.1, subsection 6, paragraph b, Code 1999, is amended to read as follows:

b. 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 a local option tax, the governing-body county auditor shall give written notice by sending a copy of the abstract of the ballot from the favorable election to the director of revenue and finance or, in the case of a local vehicle tax, to the director of the department of transportation, of the result of the election.

Sec. 11. Section 422B.1, subsection 9, Code 1999, is amended to read as follows:

9. 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 is adopted the repeal motion or the motion for the repeal was received on the later of the date of the adoption of the repeal motion or the earliest date specified in section 422B.9, subsection 1.~~ For purposes of this subsection, incorporated city area includes an incorporated city which is contiguous to another incorporated city.

Sec. 12. Section 422B.8, unnumbered paragraph 1, Code 1999, 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 452A, 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 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. However, a person required to collect state retail sales tax under chapter 422, division IV, is not required to collect

local sales and services tax on transactions delivered within the area where the local sales and services tax is imposed unless the person has physical presence in that taxing area. 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. 13. Section 422B.9, subsection 1, Code 1999, is amended to read as follows:

1. a. A local sales and services tax shall be imposed either ~~January 1-April 1~~ or July 1 or October 1 following the notification of the director of revenue and finance but not sooner than ninety days following the favorable election.

b. A local sales and services tax shall be repealed only on ~~March 31, June 30, September 30, or December 31~~ but not sooner than ninety days following the favorable election if one is held. 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.

c. If a local sales and services tax has been imposed prior to the effective date of this section of this Act and at the time of the election a date for repeal was specified on the ballot, the local sales and services tax may be repealed on that date, notwithstanding paragraph "b".

Sec. 14. Section 422B.10, subsection 3, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. If a subsequent certified census exists which modifies that most recent certified federal census for a participating jurisdiction under paragraphs "a" and "b", the computations under paragraphs "a" and "b" shall utilize the subsequent certified census in the distribution formula under rules established by the director of revenue and finance.

Sec. 15. Section 422E.2, subsections 1 and 3, Code 1999, are amended to read as follows:

1. a. A local sales and services tax shall be imposed by a county only after an election at which a majority of those voting on the question favors imposition. The effective date shall be either January 1 or July 1 but not sooner than ninety days following the favorable election. A local sales and services tax approved by a majority vote shall apply to all incorporated and unincorporated areas of that county.

b. A local sales and services tax shall be repealed on either June 30 or December 31 but not sooner than ninety days following the favorable election, if one is held.

c. If a local sales and services tax has been imposed prior to the effective date of this section of this Act and at the time of the election a date for repeal was specified on the ballot, the local sales and services tax may be repealed on that date, notwithstanding paragraph "b".

3. The county commissioner of elections shall submit the question of imposition of a local sales and services tax for school infrastructure purposes at a state general election or at a special election held at any time other than the time of a city regular election. The election shall not be held sooner than sixty days after publication of notice of the ballot proposition. The ballot proposition shall specify the rate of tax, the date the tax will be imposed and repealed, and shall contain a statement as to the specific purpose or purposes for which the revenues shall be expended. The dates for the imposition and repeal of the tax shall be as provided in subsection 1. The rate of tax shall not be more than one percent as set by the county board of supervisors. The state commissioner of elections shall establish by rule the form for the ballot proposition which form shall be uniform throughout the state.

Sec. 16. Section 422E.1, subsection 4, paragraph b, unnumbered paragraph 1, Code 1999, is amended to read as follows:

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 tax, the county board-of-supervisors auditor shall give written notice by sending a copy of the abstract of ballot from the favorable election to the director of revenue and finance of the result of the election. Election costs shall be apportioned among school districts within the county on a pro rata basis in proportion to the number of registered voters in each school district and the total number of registered voters in all of the school districts within the county.

Sec. 17. Section 422E.3, subsection 3, Code 1999, is amended to read as follows:

3. The tax is applicable to transactions within the county where it is imposed and shall be collected by all persons required to collect state gross receipts taxes. However, a person required to collect state retail sales tax under chapter 422, division IV, is not required to collect local sales and services tax on transactions delivered within the area where the local sales and services tax is imposed unless the person has physical presence in that taxing area. The amount of the sale, for purposes of determining the amount of the tax, does not include the amount of any state gross receipts taxes or other local option sales taxes. A tax permit other than the state tax permit required under section 422.53 shall not be required by local authorities.

Sec. 18. Section 422E.3, subsection 5, paragraph c, Code 1999, is amended to read as follows:

c. The director shall remit a final payment of the remainder of tax moneys due for the fiscal year before November 10 of the next fiscal year. If an overpayment has

resulted during the previous fiscal year, the first November payment of the new fiscal year shall be adjusted to reflect any overpayment.

Sec. 19. Section 422E.3, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 7. 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 conditions specified in section 422B.11. The refund shall be paid by the department from the appropriate school district's account in the local sales and services tax fund. The penalty provisions contained in section 422B.11, subsection 3, shall apply regarding an erroneous application for refund of local sales and services tax paid under this chapter.

Sec. 20. Section 422E.4, unnumbered paragraph 2, Code 1999, is amended to read as follows:

A school district in which a local option sales tax for school infrastructure purposes has been imposed shall be authorized to enter into a chapter 28E agreement with one or more cities or a county whose boundaries encompass all or a part of the area of the school district. A city or cities entering into a chapter 28E agreement shall be authorized to expend its designated portion of the local option sales and services tax revenues for any valid purpose permitted in this chapter or authorized by the governing body of the city. A county entering into a chapter 28E agreement with a school district in which a local option sales tax for school infrastructure purposes has been imposed shall be authorized to expend its designated portion of the local option sales and services tax revenues to provide property tax relief within the boundaries of the school district located in the county. A school district where a local option sales and services tax is imposed is also authorized to enter into a chapter 28E

agreement with another school district which is located partially or entirely in or is contiguous to the county where the tax is imposed. The school district shall only expend its designated portion of the local option sales and services tax for infrastructure purposes.

Sec. 21. Section 423.12, Code 1999, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. An increase or decrease in the excise tax rate in this section shall only be effective on January 1 or July 1, but not sooner than ninety days after enactment of the rate increase or decrease.

Sec. 22. Section 423.16, Code 1999, is amended to read as follows:

423.16 DETERMINATION BY DEPARTMENT.

If any return required by this chapter is not filed, or if any return when filed is incorrect or insufficient, and the maker or person from whom it is due fails to file a corrected or sufficient return within twenty days after the same is required by notice from the department, the department shall have the same power to determine the amount due, as is vested in the department by sections 422.54, 422.55, and 422.57, subject to all of the provisions, and restrictions, and rights to seek judicial review provided in the sections. If a return required by this chapter has been filed, the five-year period of limitation specified in section 422.54, subsection 1, shall apply to the making of a determination by the department of the amount of tax due and to the giving of notice to the taxpayer of such determination. The right to waive the five-year period of limitation as provided in section 422.54, subsection 3, is applicable to this chapter.

Sec. 23. EFFECTIVE AND APPLICABILITY DATES.

1. Sections 1 through 4, 21, and 22 of this Act take effect January 1, 2000, for state sales and use taxes.

2. Sections 8, 9, 11, 13, and 15 of this Act take effect April 1, 2000, for local sales and services taxes.

3. Sections 19 and 20 of this Act, being deemed of immediate importance, take effect upon enactment and apply retroactively to July 1, 1998.

4. Sections 5, 6, and 7 of this Act, being deemed of immediate importance, take effect upon enactment.

MARY E. KRAMER

President of the Senate

BRENT SIEGRIST

Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 469, Seventy-eighth General Assembly.

MICHAEL E. MARSHALL

Secretary of the Senate

Approved May 20, 1999

THOMAS J. VILSACK

Governor