

423B.1 Authorization — election — imposition and repeal.

1. A county may impose by ordinance of the board of supervisors local option taxes authorized by [this chapter](#), subject to [this section](#) and subject to the exception provided in [subsection 2](#).

2. a. A city whose corporate boundaries include areas of two counties may impose by ordinance of its city council a local sales and services tax if all of the following apply:

(1) 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.

(3) The city has entered into an agreement on the distribution of the sales and services tax revenues collected from the area where the city tax is imposed with the county where such area is located.

b. The city council of a city authorized to impose a local sales and services tax pursuant to paragraph “a” shall only do so subject to all of the following restrictions:

(1) The tax shall only be imposed in the area of the city located in the county where not more than fifteen percent of the city’s residents reside.

(2) The tax shall be at the same rate and become effective at the same time as the county tax imposed in the other area of the city.

(3) The tax once imposed shall continue to be imposed until the county-imposed tax is repealed, and the city-imposed tax shall also be repealed effective on the same date.

(4) The tax shall be imposed on the same basis as provided in [section 423B.5](#) and notification requirements in [section 423B.6](#) apply.

(5) The city shall assist the department of revenue to identify the businesses in the area which are to collect the city-imposed tax. The process shall be ongoing as long as the city tax is imposed.

c. The agreement on the distribution of the revenues collected from the city-imposed tax shall provide that fifty percent of such revenues shall be remitted to the county in which the part of the city where the city tax is imposed is located.

d. The latest certified federal census preceding the election held by the county on the question of imposition of the local sales and services tax shall be used in determining if the city qualifies under paragraph “a”, subparagraph (1), to impose its own tax and in determining the area where the city tax may be imposed under paragraph “b”, subparagraph (1).

e. A city is not authorized to impose a local sales and services tax under [this subsection](#) after July 1, 2000. A city that has imposed a local sales and services tax under [this subsection](#) on or before July 1, 2000, may continue to collect the tax until such time as the tax is repealed by the city and the fact 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.

3. a. If a majority of those voting on the question of imposition of a local option tax favors imposition, the local option tax shall be imposed at the rate specified on the ballot until repealed as provided in [this chapter](#).

b. If the tax is a local vehicle tax imposed by a county, it shall apply to all incorporated and unincorporated areas of the county.

c. (1) If the tax is a local sales and services tax imposed by a county, it shall only apply to those incorporated areas and the unincorporated area of that county in which a majority of those voting in the area on the tax favors 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 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 favors its imposition. For purposes of the local sales and services tax, a city is not contiguous to another city if the only road access between the two cities is through another state.

(2) The treatment of contiguous cities as one incorporated area for the purpose of determining whether a majority of those voting favors imposition does not apply to elections on the question of imposition of a local sales and services tax in all or a portion of a county that is a qualified county if the election occurs on or after January 1, 2019. For purposes

of [this chapter](#), “*qualified county*” means a county with a population in excess of four hundred thousand, a county with a population of at least one hundred thirty thousand but not more than one hundred thirty-one thousand, or a county with a population of at least sixty thousand but not more than seventy thousand, according to the 2010 federal decennial census.

4. a. (1) The county board of supervisors shall direct within thirty days the county commissioner of elections to submit the question of imposition of a local vehicle tax to the registered voters of the incorporated and unincorporated areas of the county upon receipt of a petition requesting imposition of a local vehicle tax, signed by eligible electors of the whole county equal in number to five percent of the persons in the whole county who voted at the last preceding general election. The petition requesting imposition shall specify the rate of tax and the classes, if any, that are to be exempt. If more than one valid petition is received, the earliest received petition shall be used.

(2) The county board of supervisors shall direct within thirty days the county commissioner of elections to submit the question of imposition of a local sales and services tax to the registered voters of the incorporated and unincorporated areas of the county upon receipt of a petition requesting imposition of a local sales and services tax, signed by eligible electors of the whole county equal in number to five percent of the persons in the whole county who voted at the last preceding general election. If more than one valid petition is received, the earliest received petition shall be used.

(3) In lieu of the petition requirement of subparagraph (2), the county board of supervisors for a county that is a qualified county shall direct within thirty days the county commissioner of elections to submit the question of imposition of a local sales and services tax to the registered voters of a city, or the portion thereof located in the county, or to the registered voters of the unincorporated area of the county upon receipt by the board of supervisors of a petition requesting imposition of a local sales and services tax, signed by eligible electors of the city, or the portion thereof located in the county, or eligible electors of the unincorporated area of the county, as applicable, equal in number to five percent of the persons in the city, or applicable portion thereof, or in the unincorporated area of the county who voted at the last preceding general election. If more than one valid petition is received for a city or for the unincorporated area of the county, the earliest received petition shall be used. This subparagraph applies to petitions received on or after January 1, 2019.

b. (1) The question of the imposition of a local sales and services tax shall be submitted to the registered voters of the incorporated and unincorporated areas of the county upon receipt by the county commissioner of elections of the motion or motions, requesting such submission, adopted by the governing body or bodies of the city or cities located within the county or of the county, for the unincorporated areas of the county, representing at least one half of the population of the county. Upon adoption of such motion, the governing body of the city or county, for the unincorporated areas, shall submit the motion to the county commissioner of elections and in the case of the governing body of the city shall notify the board of supervisors of the adoption of the motion. The county commissioner of elections shall keep a file on all the motions received and, upon reaching the population requirements, shall publish notice of the ballot proposition concerning the imposition of the local sales and services tax. A motion ceases to be valid at the time of the holding of the regular election for the election of members of the governing body that adopted the motion. The county commissioner of elections shall eliminate from the file any motion that ceases to be valid.

(2) In lieu of the motion requirements of subparagraph (1), the question of the imposition of a local sales and services tax shall be submitted to the registered voters of a city located in a county that is a qualified county, or the portion thereof located in the county, or to the registered voters of the unincorporated area of a county that is a qualified county upon receipt by the county commissioner of elections of a motion requesting such submission, adopted by the governing body of the city or the county for the unincorporated area of the county, as applicable. Upon adoption of such motion, the governing body of the city or county for the unincorporated area shall submit the motion to the county commissioner of elections. The county commissioner of elections shall publish notice of the ballot proposition concerning the

imposition of the local sales and services tax. This subparagraph applies to motions received by the county commissioner of elections on or after January 1, 2019.

(3) The methods provided under this paragraph for the submission of the question of imposition of a local sales and services tax are alternatives to the methods provided in paragraph “a”.

5. a. The county commissioner of elections shall submit the question of imposition of a local option tax at an election held on a date specified in [section 39.2, subsection 4](#), paragraph “a” or “b”, as applicable. The election shall not be held sooner than sixty days after publication of notice of the ballot proposition.

b. 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, subject to the requirement of [section 423B.7, subsection 7](#), paragraph “b”, 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 or governing body of the city, as applicable, 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.

c. 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.

d. The rate of a local sales and services tax shall be one percent.

e. The state commissioner of elections shall establish by rule the form for the ballot proposition which form shall be uniform throughout the state.

6. a. (1) (a) A local option tax may be repealed or the rate of the local vehicle tax increased or decreased or the use of a local option tax changed after an election at which a majority of those voting on the question of repeal or rate or use change favors the repeal or rate or use change.

(b) 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 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.

(c) The governing body of the city 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 city, or portion thereof located in the county, 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 city, or portion thereof located in the county, or unincorporated area on the change in use favors 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.

(2) When submitting the question of the imposition of a local sales and services tax, the board of supervisors or if the election is initiated under [subsection 4](#), paragraph “a”, subparagraph (3), or [subsection 4](#), paragraph “b”, subparagraph (2), the governing board of a city, 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 as provided in [section 423B.6, subsection 1](#).

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 county auditor shall give written notice of the result of the election by sending a copy of the abstract of the votes from the favorable election to the director of revenue or, in the case of a local vehicle tax, to

the director of transportation. The appropriate director shall have the authority to waive the notice requirement.

c. Notwithstanding any other provision in [this section](#), a change in use of the local sales and services tax revenues for purposes of funding an urban renewal project pursuant to [section 423B.10](#) does not require an election.

7. a. More than one of the authorized local option taxes may be submitted at a single election and the different taxes shall be separately implemented as provided in [this section](#).

b. Costs of local option tax elections shall be apportioned among jurisdictions within the county voting on the question at the same election on a pro rata basis in proportion to the number of registered voters in each taxing jurisdiction voting on the question and the total number of registered voters in all of the taxing jurisdictions voting on the question.

8. a. 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 the board's 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 on the earliest date specified in [section 423B.6, subsection 1](#), following adoption of the motion. For purposes of this paragraph, incorporated city area includes an incorporated city which is contiguous to another incorporated city.

b. If imposition of the local option sales and services tax is initiated under [subsection 4](#), paragraph "a", subparagraph (3), or [subsection 4](#), paragraph "b", subparagraph (2), notwithstanding any contrary provision of [this chapter](#), the board of supervisors may repeal the local sales and services tax in a city, or portion thereof located in the county, upon receipt of a motion adopted by the governing board of the city requesting the repeal. The board of supervisors shall repeal the local sales and services tax effective on the earliest date specified in [section 423B.6, subsection 1](#), following adoption of the motion.

9. Notwithstanding [subsection 8](#) or any other contrary provision of [this chapter](#), a local option sales and services tax shall not be repealed if obligations are outstanding which are payable as provided in [section 423B.9](#), unless funds sufficient to pay the principal, interest, and premium, if any, on the outstanding obligations at and prior to maturity have been properly set aside and pledged for that purpose.

[85 Acts, ch 32, §89; 85 Acts, ch 198, §6](#)

[CS85, §422B.1](#)

[86 Acts, ch 1199, §2 – 6; 89 Acts, ch 146, §1; 89 Acts, ch 276, §1; 90 Acts, ch 1256, §21; 92 Acts, ch 1063, §1; 93 Acts, ch 143, §50; 95 Acts, ch 67, §53; 95 Acts, ch 186, §1 – 4, 9; 96 Acts, ch 1079, §22, 23; 99 Acts, ch 156, §5 – 11, 23; 2000 Acts, ch 1058, §36; 2002 Acts, ch 1119, §166; 2003 Acts, ch 145, §286; 2003 Acts, 1st Ex, ch 2, §203, 205](#)

[C2005, §423B.1](#)

[2006 Acts, ch 1158, §52 – 54; 2007 Acts, ch 186, §25; 2008 Acts, ch 1115, §68, 71; 2008 Acts, ch 1191, §65; 2013 Acts, ch 90, §103; 2015 Acts, ch 29, §114; 2018 Acts, ch 1161, §232 – 238, 245](#)

Referred to in [§423B.7, 423B.10](#)