

423B.5 Local sales and services tax.

1. A local sales and services tax may be imposed by a county on the sales price taxed by the state under [chapter 423, subchapter II](#). A local sales and services tax shall be imposed on the same basis as the state sales and services tax or in the case of the use of natural gas, natural gas service, electricity, or electric service on the same basis as the state use tax and shall 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 sales price from the sale of motor fuel, special fuel, or electric fuel, as those terms are defined in [chapter 452A](#), which is consumed for highway use or in watercraft or aircraft if the fuel tax is paid on the transaction and a refund has not or will not be allowed, on the sales price from the sale of equipment by the state department of transportation, or on the sales price from the sale or use of natural gas, natural gas service, electricity, or electric service in a city or county where the sales price from the sale of natural gas or electric energy is subject to a franchise fee or user fee during the period the franchise or user fee is imposed. A local sales and services tax is applicable to transactions within those cities and unincorporated areas of the county where it is imposed, which transactions include but are not limited to sales sourced pursuant to [section 423.15](#), [423.17](#), [423.19](#), or [423.20](#), to a location within that city or unincorporated area of the county. The tax shall be collected by all persons required to collect state sales taxes. However, a local sales and services tax is not applicable to transactions sourced under [chapter 423](#) to a place of business, as defined in [section 423.1](#), of a retailer if such place of business is located in part within a city or unincorporated area of the county where the tax is not imposed.

2. The amount of the sale, for purposes of determining the amount of the local sales and services tax, does not include the amount of any state sales tax.

3. A tax permit other than the state sales or use tax permit required under [section 423.36](#) shall not be required by local authorities.

4. If a local sales and services tax is imposed by a county pursuant to [this chapter](#), a local excise tax at the same rate shall be imposed by the county on the purchase price of natural gas, natural gas service, electricity, or electric service subject to tax under [chapter 423, subchapter III](#), and not exempted from tax by any provision of [chapter 423, subchapter III](#). The local excise tax is applicable only to the use of natural gas, natural gas service, electricity, or electric service within those cities and unincorporated areas of the county where it is imposed and, except as otherwise provided in [this chapter](#), shall be collected and administered in the same manner as the local sales and services tax. For purposes of [this chapter](#), “*local sales and services tax*” shall also include the local excise tax.

[85 Acts, ch 32, §96](#)

[CS85, §422B.8](#)

[86 Acts, ch 1042, §11](#); [86 Acts, ch 1199, §7](#); [88 Acts, ch 1154, §3](#); [89 Acts, ch 276, §2](#); [95 Acts, ch 83, §13](#); [99 Acts, ch 151, §30 – 32](#); [99 Acts, ch 156, §12](#); [2001 Acts, ch 116, §13](#); [2003 Acts, ch 178, §113, 121](#); [2003 Acts, ch 179, §142](#); [2003 Acts, 1st Ex, ch 2, §187, 203, 205](#)

[C2005, §423B.5](#)

[2005 Acts, ch 3, §70](#); [2005 Acts, ch 140, §14, 16, 26, 31](#); [2006 Acts, ch 1010, §104](#); [2006 Acts, ch 1158, §55](#); [2016 Acts, ch 1011, §121](#); [2018 Acts, ch 1161, §225, 229, 239, 245](#); [2019 Acts, ch 151, §21, 46](#); [2022 Acts, ch 1138, §28](#)

Referred to in [§28A.17, 423B.1](#)

2019 amendment to subsection 1 is effective July 1, 2023; [2019 Acts, ch 151, §46](#)

Subsection 1 amended