

CHAPTER 105
LOCALLY IMPOSED HOTEL AND MOTEL TAX
[Prior to 12/17/86, Revenue Department[730]]

701—105.1(423A) Local option. A city or county may impose by ordinance of the city council or by resolution of the board of supervisors a hotel and motel tax subject to the approval of its citizens. The tax when imposed by a city shall apply only within the corporate boundaries of that city and when imposed by a county shall apply only outside incorporated areas within the county. A city or county can impose the tax only after an election at which a majority of those voting on the question favors imposition.

This rule is intended to implement 2005 Iowa Code Supplement section 423A.4.

701—105.2(423A) Tax rate. The hotel and motel tax rate cannot exceed 7 percent and must be imposed in increments of one or more full percentage points. If a jurisdiction seeks to impose, repeal or change the tax rate, the jurisdiction must hold an election. Within ten days of an election favoring the imposition of the tax, repeal of the tax or change in the tax rate, the county auditor must notify the director in writing of the favorable vote by sending a copy of the abstract of votes from the favorable election to the director.

This rule is intended to implement 2005 Iowa Code Supplement section 423A.4.

701—105.3(423A) Tax base. The hotel and motel tax is imposed upon the sales price from the renting of any and all lodging in a facility covered by Iowa Code chapter 423A. The sales price from renting includes any direct or indirect charge for the rooms.

105.3(1) The tax shall not apply: (a) when lodging is furnished to a person if that person rents any rooms or other lodging for more than 31 consecutive days, (b) to the renting of sleeping rooms in dormitories and in memorial unions at all universities and colleges located in the state, (c) to contracts made directly with the federal government, or (d) to the renting of a room to the guest of a religious institution upon real property exempt from tax as the property of a religious institution, if the reason for renting the room is to provide a place for a religious retreat or function and not a place for transient guests generally.

105.3(2) The tax base shall include the entire cost directly or indirectly related to the renting of lodging. If a person is charged for items other than “rent” in connection with the renting of lodging (e.g., food, telephone, laundry or recreation facility use), such charges must be stated separately or the entire charge will be considered “rent.”

This rule is intended to implement 2005 Iowa Code Supplement section 423A.4.

701—105.4(423A) Imposition dates. A local hotel and motel tax shall be imposed on January 1 or July 1 following the notification to the director of revenue. Once imposed, the tax shall remain in effect at the rate imposed for a minimum of one year. See rule 701—103.14(423A) regarding notification.

This rule is intended to implement 2005 Iowa Code Supplement section 423A.4.

701—105.5(423A) Adding or absorbing tax. It is unlawful for any retailer responsible for collecting and remitting the hotel and motel tax to advertise or hold out, or state to the public or to any person, that the tax imposed will be assumed or absorbed by the retailer, or that the tax will not be considered as an element in the price to the public or the person renting a facility subject to the hotel-motel tax. When a retailer advertises in a manner so that it may be readily seen and read by the public that the price “includes tax,” the retailer may charge a lump sum for renting the facility without making a separate charge for the tax. It is the responsibility of the retailer to provide proof that the retailer has complied with the method of advertising or displaying the price.

This rule is intended to implement Iowa Code sections 423.24 and 423A.6.

701—105.6(423A) Termination dates. A local hotel and motel tax may be terminated only on June 30 or December 31. See rule 701—103.13(423A) regarding notification.

This rule is intended to implement Iowa Code Supplement section 423A.4.

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