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WAYS & MEANS CALENDAR

HOUSE FILE 2463  
BY COMMITTEE ON WAYS AND MEANS

(Formerly House Study Bill 830)

Passed House, Date 4/14/88 (p.1886) Passed Senate, Date 4/15/88 (p.1647)

Vote: Ayes 78 Nays 18 Vote: Ayes 40 Nays 1

Approved May 4, 1988

A BILL FOR

1 An Act relating to the authorization for a city and county to  
 2 impose a local option income surtax or a local option sales  
 3 and services tax, the spending of the revenues, obtaining tax  
 4 return information relating to the taxes, providing penalties,  
 5 and providing effective dates.

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

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1 Section 1. Section 422.72, subsection 4, Code Supplement  
2 1987, is amended to read as follows:

3 4. A person violating subsection 1, 2, or 3, or 6 is  
4 guilty of a serious misdemeanor.

5 Sec. 2. Section 422.72, Code Supplement 1987, is amended  
6 by adding the following new subsection:

6459,6211 7 NEW SUBSECTION. 6. The department may enter into a  
8 written informational exchange agreement for tax  
9 administration purposes with a city or county which is  
10 entitled to receive funds due to a local hotel and motel tax,  
11 a local income surtax, or a local sales and services tax. The  
12 written informational exchange agreement shall designate no  
13 more than two paid city or county employees that have access  
14 to actual return information relating to that city's or  
15 county's receipts from a local hotel and motel tax, a local  
16 income surtax, or a local sales and services tax.

17 City or county employees designated to have access to  
18 information under this subsection are deemed to be officers  
19 and employees of the state for purposes of the restrictions  
20 and penalties pursuant to subsection 1 pertaining to  
21 confidential information. The department may refuse to enter  
22 into a written informational exchange agreement if the city or  
23 county does not agree to pay the actual cost of providing the  
24 information and the department may refuse to abide by a  
25 written informational exchange agreement if the city or county  
26 does not promptly pay the actual cost of providing the  
27 information or take reasonable precautions to protect the  
28 information's confidentiality.

29 Sec. 3. Section 422A.1, unnumbered paragraph 2, Code  
30 Supplement 1987, is amended to read as follows:

31 A local hotel and motel tax shall be imposed on January 1,  
32 April 1, July 1, or October 1, following the notification of  
33 the director of revenue and finance. Once imposed, the tax  
34 shall remain in effect at the rate imposed for a minimum of  
35 one year. A local hotel and motel tax shall terminate only on

1 March 31, June 30, September 30, or December 31. At least  
2 sixty forty-five days prior to the tax being effective or  
3 prior to a revision in the tax rate, or prior to the repeal of  
4 the tax, a city or county shall provide notice by mail of such  
5 action to the director of revenue and finance.

6 Sec. 4. Section 422B.1, Code 1987, is amended to read as  
7 follows:

8 422B.1 AUTHORIZATION -- ELECTION -- IMPOSITION AND REPEAL.

9 1. A city or county may impose by ordinance of the city  
10 council or the board of supervisors a local option taxes  
11 vehicle tax, income surtax, or sales and services tax as  
12 authorized by this chapter, subject to this section.

13 2. A local option tax shall be imposed only after an  
14 election at which a majority of those voting on the question  
15 favors imposition and shall then be imposed until repealed as  
16 provided in subsection 5 6, paragraph "a". If the tax is a  
17 local sales and services tax or an income surtax imposed by a  
18 city, it shall apply within the corporate boundaries of the  
19 city. If the tax is a local sales and services tax, an income  
20 surtax, or a local vehicle tax imposed by a county, it shall  
21 apply to all incorporated and unincorporated areas of the  
22 county. ~~If the tax is a local sales and services tax imposed~~  
23 ~~by a county, it shall only apply to those incorporated areas~~  
24 ~~and the unincorporated area of that county in which a majority~~  
25 ~~of those voting in the area on the tax favor its imposition.~~  
26 ~~For purposes of the local sales and services tax, all cities~~  
27 ~~contiguous to each other shall be treated as part of one~~  
28 ~~incorporated area and the tax would be imposed in each of~~  
29 ~~those contiguous cities only if the majority of those voting~~  
30 ~~in the total area covered by the contiguous cities favor its~~  
31 ~~imposition.~~

32 3. Upon its own motion or upon receipt of a petition  
33 signed by eligible electors of the city equal in number to  
34 five percent of the persons in the city who voted in the last  
35 preceding state general election, requesting imposition of a

1 local sales and services tax or income surtax, the city  
 2 council, within thirty days of its motion or receipt of the  
 3 petition, shall direct the county commissioner of elections to  
 4 submit the question of the imposition to the qualified  
 5 electors of the city. The motion or petition shall specify  
 6 the rate of tax, the effective date of the tax, and the  
 7 percentage amount of local option tax revenues that shall be  
 8 used for property tax relief. If more than one valid petition  
 9 is received, the earliest petition shall be used.

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10 3. a 4. A county board of supervisors shall direct within  
 11 thirty-days the county commissioner of elections to submit the  
 12 question of imposition of a local vehicle tax, a local income  
 13 surtax, or a local sales and services tax to the qualified  
 14 electors of the incorporated and unincorporated areas of the  
 15 county upon and within thirty days of its own motion or the  
 16 receipt of a petition, requesting imposition of a local  
 17 vehicle tax, a local income surtax, or a local sales and  
 18 services tax, signed by eligible electors of the whole county  
 19 equal in number to five percent of the persons in the whole  
 20 county who voted at the last preceding state general election.  
 21 In the case of a local vehicle tax, the petition requesting  
 22 imposition shall specify the rate of tax and the classes, if  
 23 any, that are to be exempt. The motion or petition shall  
 24 specify the rate of tax, the effective date of the tax, and  
 25 the percentage amount of local option tax revenues, except  
 26 vehicle tax revenues, that shall be used for property tax  
 27 relief. If more than one valid petition is received, the  
 28 earliest received petition shall be used.

29 ~~b. The question of the imposition of a local sales and~~  
 30 ~~services tax shall be submitted to the qualified electors of~~  
 31 ~~the incorporated and unincorporated areas of the county upon~~  
 32 ~~receipt by the county commissioner of elections of the motion~~  
 33 ~~or motions, requesting such submission, adopted by the~~  
 34 ~~governing body or bodies of the city or cities located within~~  
 35 ~~the county or of the county, for the unincorporated areas of~~

1 the county, representing at least one-half of the population  
2 of the county.--Upon adoption of such motion, the governing  
3 body of the city or county, for the unincorporated areas,  
4 shall submit the motion to the county commissioner of  
5 elections and in the case of the governing body of the city  
6 shall notify the board of supervisors of the adoption of the  
7 motion.--The county commissioner of elections shall keep a  
8 file on all the motions received and, upon reaching the  
9 population requirements, shall publish notice of the ballot  
10 proposition concerning the imposition of the local sales and  
11 services tax.--A motion ceases to be valid at the time of the  
12 holding of the regular election for the election of members of  
13 the governing body which adopted the motion.--The county  
14 commissioner of elections shall eliminate from the file any  
15 motion that ceases to be valid.--The manner provided under  
16 this paragraph for the submission of the question of  
17 imposition of a local sales and services tax is an alternative  
18 to the manner provided in paragraph "a".

6308, 627 19     4 5. The county commissioner of elections shall submit the  
20 question of imposition of a local option tax by a county at a  
21 state general election or at a special election held at any  
22 time other than the time of a city regular election which may  
23 and shall submit the question of imposition of a local income  
24 surtax or sales and services tax by a city at a state general  
25 election, city regular election, or special election. The  
26 election shall not be held sooner than sixty days after  
27 publication of notice of the ballot proposition. The ballot  
28 proposition shall specify the type and rate of tax and in the  
29 case of a vehicle tax the classes that will be exempt and in  
30 the case of a local income surtax or sales and services tax  
31 the date it will be imposed. The ballot proposition shall  
32 also specify the approximate percentage amount of local option  
33 tax revenues that will be used for property tax relief and  
34 shall contain a statement as to the specific purpose or  
35 purposes for which the revenues shall otherwise be expended.

1 The rate of the vehicle tax shall be in increments of one  
 2 dollar per vehicle as set by the motion or petition seeking to  
 3 impose the tax. The rate of a local sales and services tax  
 4 shall ~~not be more than one percent as set by the governing~~  
 5 ~~body~~ be in increments of one-half of one percent, not to  
 6 exceed one percent, in the case of a city or shall be one-half  
 7 of one percent, in the case of a county. The rate of a local  
 8 income surtax shall be in increments of one percent, not to  
 9 exceed nineteen percent, in the case of a city, and in  
 10 increments of one percent not to exceed nine percent, in the  
 11 case of a county. The state commissioner of elections shall  
 12 establish by rule the form for the ballot proposition which  
 13 form shall be uniform throughout the state. The county  
 14 commissioner of elections shall assess the costs of the  
 15 election which are attributable to submitting the ballot  
 16 proposition to the city or county requesting the submission of  
 17 the ballot proposition.

18 5 6. a. If a majority of those voting on the question of  
 19 imposition of a local option tax ~~favor~~ favours imposition of a  
 20 local option tax, the governing body of that county or city,  
 21 as applicable, shall impose the tax at the rate specified for  
 22 an unlimited period. ~~However, in the case of a local sales~~  
 23 ~~and services tax, the county shall not impose the tax in any~~  
 24 ~~incorporated area or the unincorporated area if the majority~~  
 25 ~~of those voting on the tax in that area did not favor its~~  
 26 ~~imposition. For purposes of the local sales and services tax,~~  
 27 ~~all cities contiguous to each other shall be treated as part~~  
 28 ~~of one incorporated area and the tax would be imposed in each~~  
 29 ~~of those contiguous cities only if the majority of those~~  
 30 ~~voting in the total area covered by the contiguous cities~~  
 31 ~~favor its imposition.~~ The local option tax may be repealed or  
 32 the rate or percentage amount to be used for property tax  
 33 relief increased or decreased only after an election at which  
 34 a majority of those voting on the question of repeal or rate  
 35 or percentage amount change ~~favor~~ favours the repeal or rate or

1 percentage amount change. The election at which the question  
2 of repeal or rate change is offered shall be called and held  
3 in the same manner and under the same conditions as provided  
4 in subsections 3, and 4, 5, and 7 for the election on the  
5 imposition of the local option tax. ~~However, in the case of a~~  
6 ~~local sales and services tax where the tax has not been~~  
7 ~~imposed countywide, the question of repeal or imposition shall~~  
8 ~~be voted on only by the qualified electors of the areas of the~~  
9 ~~county where the tax has been imposed or has not been imposed,~~  
10 ~~as appropriate.~~

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

18 <sup>621/</sup> 6 7. More than one of the authorized local option taxes  
19 may be submitted at a single election and the different taxes  
20 shall be separately implemented as provided in this section,  
21 except that a local sales and services tax and income surtax  
22 may be on the ballot only as an alternative to each other.  
23 The governing body of a county shall not impose both the local  
24 sales and services tax and the local income surtax at the same  
25 time. The governing body of a city shall not impose both the  
26 local sales and services tax and the local income surtax at  
27 the same time.

28 ~~7. Local option taxes authorized to be imposed as provided~~  
29 ~~in this chapter are a local sales and services tax and a local~~  
30 ~~vehicle tax. The rate of the tax shall be in increments of~~  
31 ~~one dollar per vehicle for a vehicle tax as set on the~~  
32 ~~petition seeking to impose the vehicle tax. The rate of a~~  
33 ~~local sales and services tax shall not be more than one~~  
34 ~~percent as set by the governing body.~~

35 <sup>621/</sup> Sec. 5. NEW SECTION. 422B.5 LOCAL INCOME SURTAX.  
<sub>strikes  
Sec 5, 6, 7</sub>

1 A city or county may impose a local income surtax at the  
2 rate on the ballot proposition on the state individual income  
3 tax of each individual residing in the city or in the case of  
4 the county, of each individual residing in the incorporated  
5 and unincorporated areas of the county, at the end of the  
6 individual's applicable tax year. For purposes of this  
7 section, "state individual income tax" means the tax computed  
8 under section 422.5, less the credits allowed in sections  
9 422.10 through 422.12.

10 Sec. 6. NEW SECTION. 422B.6 ADMINISTRATION.

11 A local income surtax or change in the rate shall be  
12 imposed January 1 following the favorable election for tax  
13 years beginning on or after January 1 and repeal of the income  
14 surtax shall be as of December 31 following the favorable  
15 election for tax years beginning after December 31.

16 The director of revenue and finance shall administer the  
17 local income surtax as nearly as possible in conjunction with  
18 the administration of state income tax laws. The director  
19 shall provide on the regular state tax forms, for reporting  
20 local income surtax.

21 An ordinance imposing a local income surtax shall adopt by  
22 reference the applicable provisions of the appropriate  
23 sections of chapter 422, division II. All powers and  
24 requirements of the director in administering the state income  
25 tax law apply to the administration of a local income surtax,  
26 including but not limited to, the provisions of sections  
27 422.4, 422.16, 422.20, 422.21, 422.22 to 422.31, 422.68, and  
28 422.72 to 422.75. Local officials shall confer with the  
29 director and obtain the director's assistance in drafting the  
30 ordinance imposing a local income surtax. A certified copy of  
31 the ordinance shall be filed with the director as soon as  
32 possible after passage.

33 The director, in consultation with local officials, shall  
34 collect and account for a local income surtax and any interest  
35 and penalties. The director shall credit local income surtax



1 receipts and any interest and penalties collected from returns  
2 filed on or before November 1 of the calendar year following  
3 the tax year for which the local income surtax is imposed to a  
4 "local income surtax fund" established in the office of the  
5 treasurer of state. All local income surtax receipts and any  
6 interest and penalties received or refunded from returns filed  
7 after November 1 of the calendar year following the tax year  
8 for which the local income surtax is imposed shall be  
9 deposited in or withdrawn from the state general fund and  
10 shall be considered part of the cost of administering the  
11 local income surtax.

12 Sec. 7. NEW SECTION. 422B.7 PAYMENT TO LOCAL GOVERNMENT  
13 -- USE OF RECEIPTS -- PROPERTY TAX RELIEF.

14 1. On or before January 15, the director of revenue and  
15 finance shall make an accounting of the local income surtax  
16 receipts and any interest and penalties collected from returns  
17 filed on or before November 1 of the preceding year. The  
18 director shall remit within fifteen days of the accounting by  
19 the director to each city and county which has imposed a local  
20 income surtax the amount in the local income surtax fund  
21 collected as a result of its surtax.

6327, 6313 22 2. Local income surtax moneys received by a city may be  
23 expended for any lawful purpose of the city which imposed the  
24 surtax. Local income surtax moneys received by a county shall  
25 only be spent for human services which are primarily intended  
26 to benefit all residents of the county including, but not  
27 limited to, the services and items described in section  
28 331.424, subsection 1, paragraphs "a" through "h" and  
29 paragraph "o" and section 331.427, subsection 2, paragraph "e"  
30 and paragraphs "g" through "j".

6218 31 3. a. The financial officer of the city or county shall  
32 credit the percent specified on the ballot proposition of the  
33 local income surtax revenues received to a special account for  
34 property tax relief to be granted as provided in this  
35 subsection.

1 b. Before the levy rates authorized under sections 384.1  
2 and 384.12 are certified by a city to the county auditor, or  
3 in the case of the county, before the levy rates authorized  
4 under section 331.422, subsection 1, and section 331.424,  
5 subsection 1 are certified, the certifying official shall  
6 subtract from the total amount computed in dollars, as  
7 provided in section 444.2, an amount equal to the amount  
8 credited to the special account for property tax relief during  
9 the last preceding twelve-month period and shall certify only  
10 the net amount and shall identify for what purposes the funds  
11 received for property tax relief are to be used. The county  
12 auditor shall determine the levy rates under section 444.3  
13 upon the net amount so computed.

14 <sup>6388</sup> ~~the~~ <sup>strike</sup> Sec. 8. Section 422B.8, unnumbered paragraph 1, Code 1987,  
15 is amended to read as follows:

16 A local sales and services tax at the rate ~~of not more than~~  
17 one percent specified on the ballot proposition may be imposed  
18 by a city or county on the gross receipts taxed by the state  
19 under chapter 422, division IV. A local sales and services  
20 tax shall be imposed on the same basis as the state sales and  
21 services tax and may not be imposed on the sale of any  
22 property or on any service not taxed by the state, except the  
23 tax shall not be imposed on the gross receipts from the sale  
24 of motor fuel or special fuel as defined in chapter 324, on  
25 the gross receipts from the rental of rooms, apartments, or  
26 sleeping quarters which are taxed under chapter 422A during  
27 the period the hotel and motel tax is imposed, on the gross  
28 receipts from the sale of natural gas or electric energy in a  
29 city or county where the gross receipts are subject to a  
30 franchise fee or user fee during the period the franchise or  
31 user fee is imposed, and on the gross receipts from the sale  
32 of a lottery ticket or share in a lottery game conducted  
33 pursuant to chapter 99E. However, notwithstanding that the  
34 gross receipts from the sale or rental of and repair to the  
35 tangible personal property described in section ~~422.457~~

1 ~~subsections-26-and-27~~ 422.47C are taxable during the period  
2 beginning July 1, ~~1985-and-ending-June-30,~~ 1987, a local sales  
3 and services tax shall not be imposed on the sale or rental of  
4 or repair to such property. A local sales and services tax is  
5 applicable to transactions within ~~these~~ the incorporated and  
6 area of the city or the incorporated and unincorporated areas  
7 of the county where it is imposed and shall be collected by  
8 all persons required to collect state gross receipts taxes.  
9 ~~All-cities-contiguous-to-each-other-shall-be-treated-as-part~~  
10 ~~of-one-incorporated-area-and-the-tax-would-be-imposed-in-each~~  
11 ~~of-these-contiguous-cities-only-if-the-majority-of-these~~  
12 ~~voting-in-the-total-area-covered-by-the-contiguous-cities~~  
13 ~~favor-its-imposition.~~

14 Sec. 9. Section 422B.9, Code 1987, is amended to read as  
15 follows:

16 422B.9 ADMINISTRATION.

17 A local sales and services tax shall be imposed either  
18 January 1, April 1, July 1 or October 1 following the  
19 notification of the director of revenue and finance.

20 A local sales and services tax shall be repealed only on  
21 March 31, June 30, September 30, or December 31. At least  
22 forty days before the imposition or repeal of the tax, a city  
23 or county shall provide notice of the action by certified mail  
24 to the director of revenue and finance.

25 The director of revenue and finance shall administer a  
26 local sales and services tax as nearly as possible in  
27 conjunction with the administration of state gross receipts  
28 tax laws. The director shall provide appropriate forms or  
29 provide on the regular state tax forms for reporting local  
30 sales and services tax liability.

31 The ordinance of a city council or county board of  
32 supervisors imposing a local sales and services tax shall  
33 adopt by reference the applicable provisions of the  
34 appropriate sections of chapter 422, division IV. All powers  
35 and requirements of the director to administer the state gross

1 receipts tax law are applicable to the administration of a  
2 local sales and services tax law, including but not limited  
3 to, the provisions of sections 422.25, subsection 4, 422.30,  
4 422.48 to 422.52, 422.54 to 422.58, 422.67, 422.68, 422.69,  
5 subsection 1, and 422.70 to 422.75. Local officials shall  
6 confer with the director of revenue and finance for assistance  
7 in drafting the ordinance imposing a local sales and services  
8 tax. A certified copy of the ordinance shall be filed with  
9 the director as soon as possible after passage.

10 The director, in consultation with local officials, shall  
11 collect and account for a local sales and services tax. The  
12 director shall certify each quarter the amount of local sales  
13 and services tax receipts and any interest and penalties to be  
14 credited to the "local sales and services tax fund"  
15 established in the office of the treasurer of state.

16 All local tax moneys and interest and penalties received or  
17 refunded one hundred eighty days or more after the date on  
18 which the city or county repeals its local sales and services  
19 tax shall be deposited in or withdrawn from the state general  
20 fund.

21 Sec. 10. Section 422B.10, subsections 1 and 2, Code 1987,  
22 are amended to read as follows:

23 1. The treasurer of state shall credit the local sales and  
24 services tax receipts and interest and penalties from a city  
25 or county to the city's or county's account in the local sales  
26 and services tax fund. If the director of revenue and finance  
27 is unable to determine from which city or county any of the  
28 receipts were collected, those receipts shall be allocated  
29 amongst the possible cities or counties based on allocation  
30 rules adopted by the director of revenue and finance.

31 2. ~~The treasurer-of-state, pursuant-to-rules-of-the~~  
32 director of revenue and finance, shall remit at least  
33 quarterly to the board of supervisors, if the tax was imposed  
34 ~~in-the-unincorporated-areas by the county,~~ and each city where  
35 the tax was imposed ~~its-share-of-the-county's~~ the amounts in

1 its account in the local sales and services tax fund as  
2 computed-under-subsections-3-and-4.

3 Sec. 11. Section 422B.10, subsections 3, 4, and 5, Code  
4 1987, are amended by striking the subsections and inserting in  
5 lieu thereof the following:

6329, 6313 6 3. Local sales and services tax moneys received by a city  
7 may be expended for any lawful purpose of the city which  
8 imposed the tax. Local sales and services tax moneys received  
9 by a county shall only be spent for human services which are  
10 primarily intended to benefit all residents of the county  
11 including, but not limited to, the services and items  
12 described in section 331.424, subsection 1, paragraphs "a"  
13 through "h" and paragraph "o" and section 331.427, subsection  
14 2, paragraph "e" and paragraphs "g" through "j".

6218 15 4. a. The financial officer of the city or county shall  
16 credit the percent specified on the ballot proposition of the  
17 local sales and services tax revenues received to a special  
18 account for property tax relief to be granted as provided in  
19 this subsection.

20 b. Before the levy rates authorized under sections 384.1  
21 and 384.12 are certified by a city to the county auditor, or  
22 in the case of the county, before the levy rates authorized  
23 under section 331.422, subsection 1, and section 331.424,  
24 subsection 1 are certified, the certifying official shall  
25 subtract from the total amount computed in dollars, as  
26 provided in section 444.2, an amount equal to the amount  
27 credited to the special account for property tax relief during  
28 the last preceding twelve-month period and shall certify only  
29 the net amount and shall identify for what purposes the funds  
30 received for property tax relief are to be used. The county  
31 auditor shall determine the levy rates under section 444.3  
32 upon the net amount so computed.

33 Sec. 12. NEW SECTION. 422B.11 CONSTRUCTION CONTRACTOR  
34 REFUNDS.

35 1. Construction contractors may make application to the

1 department for a refund of the additional local sales and  
2 services tax paid under this chapter by reason of taxes paid  
3 on goods, wares, or merchandise under the following  
4 conditions:

5 a. The goods, wares, or merchandise are incorporated into  
6 an improvement to real estate in fulfillment of a written  
7 contract fully executed prior to the date of the imposition or  
8 increase in rate of a local sales and services tax under this  
9 chapter. The refund shall not apply to equipment transferred  
10 in fulfillment of a mixed construction contract.

11 b. The contractor has paid to the department or to a  
12 retailer the full amount of the state and local tax.

13 c. The claim is filed on forms provided by the department  
14 and is filed within six months of the date the tax is paid.

15 2. The department shall pay the refund from the  
16 appropriate city's or county's account in the local sales and  
17 services tax fund.

18 3. A contractor who makes an erroneous application for  
19 refund shall be liable for payment of the excess refund paid  
20 plus interest at the rate in effect under section 421.7. In  
21 addition, a contractor who willfully makes a false application  
22 for refund is guilty of a simple misdemeanor and is liable for  
23 a penalty equal to fifty percent of the excess refund claimed.  
24 Excess refunds, penalties, and interest due under this  
25 subsection may be enforced and collected in the same manner as  
26 the local sales and services tax imposed under this chapter.

645027 Sec. 13. Section 444.3, Code 1987, is amended by adding  
28 the following new unnumbered paragraph after unnumbered  
29 paragraph 1:

630030 NEW UNNUMBERED PARAGRAPH. However, in computing the tax  
31 rate under the preceding paragraph for a city or county which  
32 has imposed a local option tax authorized in chapter 422B, the  
33 county auditor shall determine if the sum of the net amount  
34 certified and the amount deducted in determining that net  
6235 amount under section 422B.7, subsection 3, or section 422B.10,

1 subsection 4, would exceed the amount which would be raised by  
2 the rate authorized by law. If the county auditor determines  
3 that this sum would exceed that amount, the county auditor  
4 shall reduce the net amount certified by the excess and  
5 determine the tax rate under the preceding paragraph on this  
6 reduced amount.

6 4586308 7 Sec. 14. SPECIAL PROVISIONS.

8 1. A city in which a local sales and services tax is in  
9 effect on July 1, 1988, is deemed to have enacted the local  
10 sales and services tax under the new provisions of sections  
11 422B.1, 422B.8, 422B.9, and 422B.10.

12 2. A local sales and services tax that is in effect in the  
13 unincorporated areas of a county on June 30, 1988, is repealed  
14 December 31, 1988. A county which has in effect on June 30,  
15 1988, a local sales and services tax in the unincorporated  
16 areas may spend the revenues received by it between August 15,  
17 1988, and the earlier of February 15, 1989, or forty-five days  
18 following repeal of the tax, notwithstanding the spending  
19 limitations in section 422B.10, subsection 3.

20 3. Notwithstanding the new provisions of section 422B.10,  
21 local sales and services tax revenues collected prior to  
22 August 15, 1988, in a county in which such tax is in effect on  
23 June 30, 1988, the distribution of those revenues within the  
24 county is governed by the provisions of section 422B.10 in  
25 effect on June 30, 1988.

26 Sec. 15. In a city that was authorized to impose a local  
27 hotel and motel tax under chapter 422A as a result of an  
28 election held during the last quarter of the 1987 calendar  
29 year, any hotel and motel owner or other person responsible  
30 for collection of a local hotel and motel tax that prematurely  
31 collects a local hotel and motel tax in such city during the  
32 period beginning January 1, 1988, and ending with the actual  
33 imposition of such tax, shall remit the amount collected to  
34 the department of revenue and finance at the time of filing  
35 the person's next state sales, services, and use tax return.

1 Moneys received by the department pursuant to this section  
2 shall be deposited and disbursed as provided in section  
3 422A.2. To the extent of the amount prematurely collected,  
4 the local hotel and motel tax shall be deemed to have been  
5 imposed January 1, 1988, in a city described in this section.

6 Sec. 16. Sections 4 through 13 of this Act take effect  
7 July 1, 1988.

8 Sec. 17. This Act, being deemed of immediate importance,  
9 takes effect upon enactment.

10 EXPLANATION

11 The bill allows a city to impose a local option income  
12 surtax at the rate of 1% to 19% and a county to impose the  
13 surtax, countywide, at the rate of 1% to 9% after a favorable  
14 election. An election shall be called upon motion of the  
15 governing body or upon receipt of a petition signed by 5% of  
16 the number of voters at the last state general election. The  
17 motion or petition shall specify the rate, percent of revenues  
18 to be used for property tax relief, and effective date which  
19 must be on January 1 for tax years beginning on or after that  
20 date. The surtax is based upon the city or county resident's  
21 state income tax liability. The percent of revenues for  
22 property tax relief on the ballot will be put into a special  
23 fund to lower the budget amount upon which the general fund  
24 levies are to be determined. The surtax cannot be in effect  
25 at the same time as a local option sales and services tax.  
26 Surtax revenues of a city may be spent for any lawful purpose.  
27 Surtax revenues of a county may be spent only for countywide  
28 human services.

29 The bill also allows a city to impose a local option sales  
30 and services tax at the rate of .5% to 1% and a county to  
31 impose the tax, countywide, at the rate of .5% after a  
32 favorable election. An election shall be called upon motion  
33 of the governing body or upon receipt of a petition signed by  
34 5% of the number of voters at the last state general election.  
35 The motion or petition shall specify the rate, percent of



1 revenues to be used for property tax relief, and effective  
2 date which must be on the beginning of a calendar quarter.  
3 The tax is based upon transactions in the city or county which  
4 are subject to state sales tax. The percent of revenues for  
5 property tax relief on the ballot will be put into a special  
6 fund to lower the budget amount upon which the general fund  
7 levies are to be determined. The tax cannot be in effect at  
8 the same time as a local income surtax. Tax revenues of a  
9 city may be spent for any lawful purpose. Tax revenues of a  
10 county may be spent only for countywide human services.

11 The bill treats cities that have sales and services taxes  
12 imposed as if the taxes were enacted under this bill but  
13 provides that the method of distribution will be based upon  
14 the former method until August 15, 1988; allows cities and  
15 counties to receive confidential information concerning local  
16 option taxes from the department of revenue and finance; and  
17 provides that for local hotel and motel taxes to be imposed,  
18 45 days notification to the department is required instead of  
19 60 days, thus enabling the tax to be imposed January 1 fol-  
20 lowing a favorable election held in November.

21 The bill is effective upon enactment with the income surtax  
22 and sales tax provisions effective July 1, 1988.

23 SUCCESSOR TO HSB 830 (LSB 8436HC)

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HOUSE FILE 2463

H-6218

- 1 Amend House File 2463 as follows:  
2 1. Page 3, by striking lines 24 through 26 and  
3 inserting the following: "specify the rate and the  
4 effective date of the tax."  
5 2. Page 3, line 27 by striking the word "relief."  
6 3. Page 4, line 35, by inserting after the word  
7 "expended." the following: "In the case of a county,  
8 the amount of the local option revenues, except  
9 vehicle tax revenues, specified on the ballot that  
10 will be used for property tax relief shall be one  
11 hundred percent."  
12 4. Page 5, lines 6 and 7, by striking the words  
13 "one-half of".  
14 5. Page 5, line 32, by inserting after the word  
15 "or" the following: ", in the case of a city, the".  
16 6. Page 8, line 31, by striking the words "or  
17 county".  
18 7. Page 8, line 35, by inserting after the word  
19 "subsection." the following: "The financial officer  
20 of the county shall credit all local income surtax  
21 revenues received to a special account for property  
22 tax relief to be granted as provided in this  
23 subsection."  
24 8. Page 12, line 15, by striking the words "or  
25 county".  
26 9. Page 12, line 19, by inserting after the word  
27 "subsection." the following: "The financial officer  
28 of the county shall credit all local sales and  
29 services tax revenues received to a special account  
30 for property tax relief to be granted as provided in  
31 this subsection."

By BENNETT of Ida

H-6218 FILED APRIL 5, 1988

*(Placed o/s 4/11/88)*

## HOUSE FILE 2463

H-6211

- 1 Amend House File 2463 as follows:
- 2 1. Page 1, lines 10 and 11, by striking the words  
3 ", a local income surtax,".
- 4 2. Page 1, lines 15 and 16, by striking the words  
5 ", a local income surtax,".
- 6 3. Page 2, line 11, by striking the words ",  
7 income surtax,".
- 8 4. Page 2, line 17, by striking the words "or an  
9 income surtax".
- 10 5. Page 2, lines 19 and 20, by striking the words  
11 ", an income surtax,".
- 12 6. Page 3, line 1, by striking the words "or  
13 income surtax".
- 14 7. Page 3, lines 12 and 13, by striking the words  
15 ", a local income surtax,".
- 16 8. Page 3, line 17, by striking the words ", a  
17 local income surtax,".
- 18 9. Page 4, lines 23 and 24, by striking the words  
19 "income surtax or".
- 20 10. Page 4, line 30, by striking the words  
21 "income surtax or".
- 22 11. Page 5, line 7, by striking the words "The  
23 rate of a local".
- 24 12. Page 5, by striking lines 8 through 10.
- 25 13. Page 5, line 11, by striking the words "case  
26 of a county.".
- 27 14. Page 6, line 20, by striking the word  
28 "section," and inserting the following: "section."  
29 15. Page 6, by striking lines 21 through 27.
- 30 16. By striking page 6, line 35 through page 9,  
31 line 13.
- 32 17. Page 13, line 35, by striking the words and  
33 figures "section 422B.7, subsection 3, or".
- 34 18. Title page, line 2, by striking the words "a  
35 local option income surtax or".

By BENNETT of Ida

H-6211 FILED APRIL 5, 1988

w/s 4/4 (p. 1892)

## HOUSE FILE 2463

H-6308

- 1 Amend House File 2463 as follows:
- 2 1. Page 2, line 11, by striking the words
- 3 "vehicle tax," and inserting the following: "vehicle
- 4 tax or".
- 5 2. Page 2, line 11, by striking the words ", or
- 6 sales and services tax".
- 7 3. Page 2, lines 16 and 17, by striking the words
- 8 "a local sales and services tax or".
- 9 4. Page 2, line 19, by striking the words "a
- 10 local sales and services tax,".
- 11 5. Page 2, line 35, by striking the word "a".
- 12 6. Page 3, line 1, by striking the words "local
- 13 sales and services tax or".
- 14 7. Page 3, line 12, by striking the word "tax,"
- 15 and inserting the following: "tax or".
- 16 8. Page 3, line 13, by striking the words "or a
- 17 local sales and services tax," and inserting the
- 18 following: "or-a-local-sales-and-services-tax".
- 19 9. Page 3, line 17, by striking the word "tax,"
- 20 and inserting the following: "tax or".
- 21 10. Page 3, lines 17 and 18, by striking the
- 22 words "or a local sales and services tax," and
- 23 inserting the following: "or-a-local-sales-and
- 24 services-tax".
- 25 11. Page 4, line 24, by striking the words "or
- 26 sales and services tax".
- 27 12. Page 4, line 30, by striking the words "or
- 28 sales and services tax" and inserting the following:
- 29 "sales-and-services-tax".
- 30 13. Page 5, lines 3 and 4, by striking the words
- 31 "The rate of a local sales and services tax shall" and
- 32 inserting the following: "The-rate-of-a-local-sales
- 33 and-services-tax-shall".
- 34 14. Page 5, by striking lines 5 through 7 and
- 35 inserting the following: "body: The rate of a
- 36 local".
- 37 15. Page 6, line 20, by striking the word
- 38 "section," and inserting the following: "section."
- 39 16. Page 6, by striking lines 21 through 27.
- 40 17. By striking page 9, line 14 through page 13,
- 41 line 26.
- 42 18. Page 13, line 35, by striking the words and
- 43 figure "or section 422B.10,".
- 44 19. Page 14, line 1, by striking the word and
- 45 figure "subsection 4,".
- 46 20. Page 14, by striking lines 8 through 25 and
- 47 inserting the following: "Notwithstanding the repeal
- 48 of the authorization to impose a local sales and
- 49 services tax under chapter 422B, those areas in which
- 50 a local sales and services tax is in effect on June

H-6308

Page 2

1 30, 1988, may remain in effect as provided in this  
 2 section. The local sales and services taxes allowed  
 3 to remain in effect under this section are repealed  
 4 July 1, 1990, unless repealed sooner under the  
 5 provisions of section 422B.1 in effect on June 30,  
 6 1988. Local sales and services tax receipts shall be  
 7 distributed under the provisions of section 422B.10 in  
 8 effect on June 30, 1988."

9 21. Page 15, by inserting after line 5 the  
 10 following:

11 "Sec. \_\_\_\_ . Sections 422B.8, 422B.9, and 422B.10,  
 12 Code 1987, are repealed July 1, 1988, except to the  
 13 extent provided in section 14 of this Act."

14 22. Title page, lines 2 and 3, by striking the  
 15 words "or a local option sales and services tax".

By SKOW of Guthrie	PELLETT of Cass
GRUHN of Dickinson	FOGARTY of Palo Alto
KOENIGS of Mitchell	COOPER of Lucas
BLACK of Jasper	ROYER of Page
RENKEN of Grundy	SCHRADER of Marion
HALVORSON of Clayton	DAGGETT of Adams
HARBOR of Mills	PETERSEN of Muscatine
DE GROOT of Lyon	MAY of Worth
LAGESCHULTE of Bremer	

H-6308 FILED APRIL 7, 1988

WFO 4/14 (p. 188.7)

HOUSE FILE 2463

H-6329

- 1 Amend House File 2463, as follows:  
2 1. Page 8, line 22, by inserting after the word  
3 "city" the following: "or county".  
4 2. Page 8, line 23, by inserting after the word  
5 "city" the following: "or county".  
6 3. Page 8, by striking lines 24 through 30 and  
7 inserting the following: "surtax."  
8 4. Page 12, line 6, by inserting after the word  
9 "city" the following: "or county".  
10 5. Page 12, line 7, by inserting after the word  
11 "city" the following: "or county".  
12 6. Page 12, by striking lines 8 through 14, and  
13 inserting the following: "imposed the tax."

By SCHNEKLOTH of Scott

H-6329 FILED APRIL 8, 1988

*Placed o/c 4/14 (p. 1896)*

HOUSE FILE 2463

H-6356

- 1 Amend House File 2463, as follows:  
2 1. Page 8, line 25, by striking the word "human".  
3 2. Page 8, lines 28 and 29, by striking the words  
4 "paragraphs "a" through "h" and paragraph "o"."  
5 3. Page 12, line 9, by striking the word "human".  
6 4. Page 12, lines 12 and 13, by striking the  
7 words "paragraphs "a" through "h" and paragraph "o"."

By SCHNEKLOTH of Scott

H-6356 FILED APRIL 11, 1988

*Placed o/c 4/14 (1896)*

HOUSE FILE 2463

H-6360

- 1 Amend amendment, H-6313, to House File 2463, as  
2 follows:  
3 1. Page 1, by inserting after line 42 the  
4 following:  
5 "\_\_\_\_\_. Page 8, lines 28 and 29, by striking the  
6 words "paragraphs "a" through "h" and paragraph "o"."  
7 2. Page 1, by inserting after line 46 the  
8 following:  
9 "\_\_\_\_\_. Page 12, lines 12 and 13, by striking the  
10 words "paragraphs "a" through "h" and paragraph "o"."

By SCHNEKLOTH of Scott

H-6360 FILED APRIL 11, 1988

*Placed o/c 4/14 (p. 1896)*

## HOUSE FILE 2463

H-6313

1 Amend House File 2463 as follows:

2 1. Page 2, line 32, by inserting after the figure  
3 "3." the following: "a."

4 2. Page 3, line 3, by inserting after the word  
5 "petition," the following: "except as provided for  
6 contiguous cities in paragraph "b",".

7 3. Page 3, by inserting after line 9 the fol-  
8 lowing:

9 "b. A city council of a city that is contiguous to  
10 any other city, upon its motion or receipt of a  
11 petition as described in paragraph "a" for a local  
12 sales and services tax, shall provide public notice to  
13 each city council and the residents of any city  
14 contiguous to it and those cities contiguous to them  
15 that they have thirty days from the date of the public  
16 notice to adopt a motion or get a valid petition for  
17 the imposition of a local sales and services tax in  
18 such city to be affective at the same time. The city  
19 giving the notice and each city given notice which  
20 adopts a motion or receives a valid petition within  
21 the thirty-day period shall direct the county  
22 commissioner of elections to submit the question of  
23 the imposition of the local sales and services tax to  
24 the qualified electors of that city. If a majority of  
25 those voting on the question in a city favor the  
26 imposition, the tax shall be imposed as provided in  
27 subsection 6."

28 4. Page 5, line 17, by inserting after the word  
29 "proposition." the following: "When a ballot  
30 proposition for the imposition, repeal, or change in  
31 the rate or percentage amount of a local option tax  
32 has been submitted to the electors and the proposition  
33 fails to gain approval, such proposal, or any proposal  
34 related to the same local option tax, shall not be  
35 submitted to the electors for a period of six months  
36 from the date of the election."

37 5. Page 6, line 2, by inserting after the word  
38 "rate" the following: "or percentage amount".

39 6. Page 8, line 25, by striking the word "human".

40 7. Page 8, lines 26 and 27, by striking the words  
41 "including, but not limited to, the" and inserting the  
42 following: "of the kind and type of".

43 8. Page 12, line 9, by striking the word "human".

44 9. Page 12, line 11, by striking the words  
45 "including, but not limited to, the" and inserting the  
46 following: "of the kind and type of".

By WISE of Lee

H-6313 FILED APRIL 7, 1988

*Placed in 4/14 (p. 1896)*

HOUSE FILE 2463

H-6450

- 1 Amend House File 2463 as follows:  
2 1. Page 1, lines 10 and 11, by striking the words  
3 ", a local income surtax,".  
4 2. Page 1, lines 15 and 16, by the striking the  
5 words ", a local income surtax,".  
6 3. By striking page 2, line 6 through page 12,  
7 line 32.  
8 4. By striking page 13, line 27 through page 14,  
9 line 25.  
10 5. Page 15, by striking lines 6 and 7.  
11 6. Title page, by striking lines 1 through 5 and  
12 inserting the following: "An Act relating to local  
13 option taxes by authorizing a city or county to  
14 receive tax return information relating to the taxes;  
15 changing the number of days notice must be given  
16 before a local hotel or motel tax is imposed,  
17 repealed, or its rate changed; legalizing the  
18 premature collection of a local hotel or motel tax;  
19 and providing an effective date."

By ROSENBERG of Story  
WISE of Lee  
DODERER of Johnson.

H-6450 FILED APRIL 13, 1988

*Adopted 4/14 (p 1886)*



See Original Version of this Bill Passed 4/15 (p. 1437)

HOUSE FILE 2463  
BY COMMITTEE ON WAYS AND MEANS

(As Amended and Passed by the House April 14, 1988)

By Passed House, Date 4/15/88 (p. 2641) Passed Senate, Date 4/15/88 (p. 1647)  
Vote: Ayes 78 Nays 8 Vote: Ayes 40 Nays 1  
Approved May 4, 1988

A BILL FOR

1 An Act relating to local option taxes by authorizing a city or  
2 county to receive tax return information relating to the  
3 taxes; changing the number of days notice must be given before  
4 a local hotel or motel tax is imposed, repealed, or its rate  
5 changed; legalizing the premature collection of a local hotel  
6 or motel tax; and providing an effective date.

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

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Deleted Language \*

1 Section 1. Section 422.72, subsection 4, Code Supplement  
2 1987, is amended to read as follows:

3 4. A person violating subsection 1, 2, ~~or~~ 3, or 6 is  
4 guilty of a serious misdemeanor.

5 Sec. 2. Section 422.72, Code Supplement 1987, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. 6. The department may enter into a  
8 written informational exchange agreement for tax  
9 administration purposes with a city or county which is  
\*10 entitled to receive funds due to a local hotel and motel tax  
11 or a local sales and services tax. The written informational  
12 exchange agreement shall designate no more than two paid city  
13 or county employees that have access to actual return  
14 information relating to that city's or county's receipts from  
\*15 a local hotel and motel tax or a local sales and services tax.

16 City or county employees designated to have access to  
17 information under this subsection are deemed to be officers  
18 and employees of the state for purposes of the restrictions  
19 and penalties pursuant to subsection 1 pertaining to  
20 confidential information. The department may refuse to enter  
21 into a written informational exchange agreement if the city or  
22 county does not agree to pay the actual cost of providing the  
23 information and the department may refuse to abide by a  
24 written informational exchange agreement if the city or county  
25 does not promptly pay the actual cost of providing the  
26 information or take reasonable precautions to protect the  
27 information's confidentiality.

28 Sec. 3. Section 422A.1, unnumbered paragraph 2, Code  
29 Supplement 1987, is amended to read as follows:

30 A local hotel and motel tax shall be imposed on January 1,  
31 April 1, July 1, or October 1, following the notification of  
32 the director of revenue and finance. Once imposed, the tax  
33 shall remain in effect at the rate imposed for a minimum of  
34 one year. A local hotel and motel tax shall terminate only on  
35 March 31, June 30, September 30, or December 31. At least

1 sixty forty-five days prior to the tax being effective or  
2 prior to a revision in the tax rate, or prior to the repeal of  
3 the tax, a city or county shall provide notice by mail of such  
4 action to the director of revenue and finance.

\* 5 Sec. 4. NEW SECTION. 422B.11 CONSTRUCTION CONTRACTOR  
6 REFUNDS.

7 1. Construction contractors may make application to the  
8 department for a refund of the additional local sales and  
9 services tax paid under this chapter by reason of taxes paid  
10 on goods, wares, or merchandise under the following  
11 conditions:

12 a. The goods, wares, or merchandise are incorporated into  
13 an improvement to real estate in fulfillment of a written  
14 contract fully executed prior to the date of the imposition or  
15 increase in rate of a local sales and services tax under this  
16 chapter. The refund shall not apply to equipment transferred  
17 in fulfillment of a mixed construction contract.

18 b. The contractor has paid to the department or to a  
19 retailer the full amount of the state and local tax.

20 c. The claim is filed on forms provided by the department  
21 and is filed within six months of the date the tax is paid.

22 2. The department shall pay the refund from the  
23 appropriate city's or county's account in the local sales and  
24 services tax fund.

25 3. A contractor who makes an erroneous application for  
26 refund shall be liable for payment of the excess refund paid  
27 plus interest at the rate in effect under section 421.7. In  
28 addition, a contractor who willfully makes a false application  
29 for refund is guilty of a simple misdemeanor and is liable for  
30 a penalty equal to fifty percent of the excess refund claimed.  
31 Excess refunds, penalties, and interest due under this  
32 subsection may be enforced and collected in the same manner as  
33 the local sales and services tax imposed under this chapter.

\* 34 Sec. 5. In a city that was authorized to impose a local  
35 hotel and motel tax under chapter 422A as a result of an

1 election held during the last quarter of the 1987 calendar  
2 year, any hotel and motel owner or other person responsible  
3 for collection of a local hotel and motel tax that prematurely  
4 collects a local hotel and motel tax in such city during the  
5 period beginning January 1, 1988, and ending with the actual  
6 imposition of such tax, shall remit the amount collected to  
7 the department of revenue and finance at the time of filing  
8 the person's next state sales, services, and use tax return.  
9 Moneys received by the department pursuant to this section  
10 shall be deposited and disbursed as provided in section  
11 422A.2. To the extent of the amount prematurely collected,  
12 the local hotel and motel tax shall be deemed to have been  
13 imposed January 1, 1988, in a city described in this section.

\* 14 Sec. 6. This Act, being deemed of immediate importance,  
15 takes effect upon enactment.

16 SUCCESSOR TO HSB 830 (LSB 8436HC)

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HOUSE FILE 2463

S-6047

1 Amend House File 2463, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the fol-  
4 lowing:

5 "Sec. \_\_\_\_ . Section 98.6, subsection 5, Code 1987,  
6 is amended by striking the subsection.

7 Sec. \_\_\_\_ . Section 123.37, Code 1987, is amended to  
8 read as follows:

9 123.37 EXCLUSIVE POWER TO LICENSE AND LEVY TAXES.

10 The power to establish licenses and permits and  
11 levy taxes as imposed in title VI of the Code is  
12 vested exclusively with the state. Unless  
13 specifically provided, no a local authority shall levy  
14 ~~a local tax on the sale of alcoholic beverages, wine,~~  
15 ~~or beer,~~ not require the obtaining of a special  
16 license or permit for such the sale of alcoholic  
17 beverages, wine, or beer at any establishment, or  
18 require the obtaining of a license by any person as a  
19 condition precedent to the person's employment in the  
20 sale, serving, or handling of alcoholic beverages,  
21 wine, or beer, within an establishment operating under  
22 a license or permit."

S-6047

Filed April 15, 1988

ADOPTED

(p 1247)

BY MICHAEL E. GRONSTAL

HOUSE FILE 2463

S-6040

1 Amend House File 2463 as passed by the House as  
2 follows:

3 1. Page 1, by inserting before line 1 the  
4 following:

5 "Sec. \_\_\_\_ . Section 421.17, subsection 23,  
6 paragraphs e and g, Code Supplement 1987, are amended  
7 to read as follows:

8 e. Upon notice of entitlement to a refund or  
9 rebate, the college aid commission or its servicer  
10 shall send written notification to the defaulter, and  
11 a copy of the notice to the department of revenue and  
12 finance, of the commission's assertion of its rights  
13 to all or a portion of the defaulter's refund or  
14 rebate and the entitlement to recover the amount of  
15 the default through the setoff procedure, the basis of  
16 the assertion, the defaulter's opportunity to request  
17 that a joint income tax refund or rebate be divided  
18 between spouses, the defaulter's opportunity to give  
19 written notice of intent to contest the claim, and the  
20 fact that failure to contest the claim by written  
21 application for a hearing before a specified date will  
22 result in a waiver of the opportunity to contest the  
23 claim, causing final setoff by default. Upon  
24 application, the commission shall grant a hearing  
25 pursuant to chapter 17A. An appeal taken from the  
26 decision of a hearing officer and any subsequent  
27 appeals shall be taken pursuant to chapter 17A.

28 g. The department of revenue and finance shall,  
29 after notice has been sent to the defaulter by the  
30 college aid commission or its servicer, set off the  
31 amount of the default against the defaulter's income  
32 tax refund or rebate if both the amount of the default  
33 and the refund or rebate are at least fifty dollars.  
34 The department shall refund any balance of the income  
35 tax refund or rebate to the defaulter. The department  
36 of revenue and finance shall periodically transfer the  
37 amount set off to the college aid commission. If the  
38 defaulter gives written notice of intent to contest  
39 the claim, the commission shall hold the refund or  
40 rebate until final disposition of the contested claim  
41 pursuant to chapter 17A or by court judgment. The  
42 commission shall notify the defaulter in writing upon  
43 completion of setoff."

S-6040

Filed April 15, 1988

WITHDRAWN

BY RAY TAYLOR

(p. 12 of 12)

SENATE AMENDMENT TO HOUSE FILE 2463

H-6514

1 Amend House File 2463, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the fol-  
4 lowing:

5 "Sec. \_\_\_\_ . Section 98.6, subsection 5, Code 1987,  
6 is amended by striking the subsection.

7 Sec. \_\_\_\_ . Section 123.37, Code 1987, is amended to  
8 read as follows:

9 123.37 EXCLUSIVE POWER TO LICENSE AND LEVY TAXES.

10 The power to establish licenses and permits and  
11 levy taxes as imposed in title VI of the Code is  
12 vested exclusively with the state. Unless  
13 specifically provided, no a local authority shall levy  
14 ~~a local tax on the sale of alcoholic beverages, wine,~~  
15 ~~or beer,~~ not require the obtaining of a special  
16 license or permit for such the sale of alcoholic  
17 beverages, wine, or beer at any establishment, or  
18 require the obtaining of a license by any person as a  
19 condition precedent to the person's employment in the  
20 sale, serving, or handling of alcoholic beverages,  
21 wine, or beer, within an establishment operating under  
22 a license or permit."

RECEIVED FROM THE SENATE

H-6514 FILED APRIL 15, 1988

CONCURRED (p. 241)

HOUSE FILE 2463

AN ACT

RELATING TO LOCAL OPTION TAXES BY AUTHORIZING A CITY OR COUNTY TO RECEIVE TAX RETURN INFORMATION RELATING TO THE TAXES; CHANGING THE NUMBER OF DAYS NOTICE MUST BE GIVEN BEFORE A LOCAL HOTEL OR MOTEL TAX IS IMPOSED, REPEALED, OR ITS RATE CHANGED; LEGALIZING THE PREMATURE COLLECTION OF A LOCAL HOTEL OR MOTEL TAX; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 98.6, subsection 5, Code 1987, is amended by striking the subsection.

Sec. 2. Section 123.37, Code 1987, is amended to read as follows:

123.37 EXCLUSIVE POWER TO LICENSE AND LEVY TAXES.

The power to establish licenses and permits and levy taxes as imposed in title VI of the Code is vested exclusively with the state. Unless specifically provided, no a local authority shall ~~levy a local tax on the sale of alcoholic beverages, wine, or beer~~ not require the obtaining of a special license or permit for such the sale of alcoholic beverages, wine, or beer at any establishment, or require the obtaining of a license by any person as a condition precedent to the person's employment in the sale, serving, or handling of alcoholic beverages, wine, or beer, within an establishment operating under a license or permit.

Sec. 3. Section 422.72, subsection 4, Code Supplement 1987, is amended to read as follows:

4. A person violating subsection 1, 2, or 3, or 6 is guilty of a serious misdemeanor.

Sec. 4. Section 422.72, Code Supplement 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 6. The department may enter into a written informational exchange agreement for tax administration purposes with a city or county which is entitled to receive funds due to a local hotel and motel tax or a local sales and services tax. The written informational exchange agreement shall designate no more than two paid city or county employees that have access to actual return information relating to that city's or county's receipts from a local hotel and motel tax or a local sales and services tax.

City or county employees designated to have access to information under this subsection are deemed to be officers and employees of the state for purposes of the restrictions and penalties pursuant to subsection 1 pertaining to confidential information. The department may refuse to enter into a written informational exchange agreement if the city or county does not agree to pay the actual cost of providing the information and the department may refuse to abide by a written informational exchange agreement if the city or county does not promptly pay the actual cost of providing the information or take reasonable precautions to protect the information's confidentiality.

Sec. 5. Section 422A.1, unnumbered paragraph 2, Code Supplement 1987, is amended to read as follows:

A local hotel and motel tax shall be imposed on January 1, April 1, July 1, or October 1, following the notification of the director of revenue and finance. Once imposed, the tax shall remain in effect at the rate imposed for a minimum of one year. A local hotel and motel tax shall terminate only on March 31, June 30, September 30, or December 31. At least ~~sixty~~ forty-five days prior to the tax being effective or prior to a revision in the tax rate, or prior to the repeal of the tax, a city or county shall provide notice by mail of such action to the director of revenue and finance.

Sec. 6. NEW SECTION. 422B.11 CONSTRUCTION CONTRACTOR REFUNDS.



1. 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 following conditions:

a. The goods, wares, or merchandise are incorporated into an improvement to real estate in fulfillment of a written contract fully executed prior to the date of the imposition or increase in rate of a local sales and services tax under this chapter. The refund shall not apply to equipment transferred in fulfillment of a mixed construction contract.

b. The contractor has paid to the department or to a retailer the full amount of the state and local tax.

c. The claim is filed on forms provided by the department and is filed within six months of the date the tax is paid.

2. The department shall pay the refund from the appropriate city's or county's account in the local sales and services tax fund.

3. A contractor who makes an erroneous application for refund shall be liable for payment of the excess refund paid plus interest at the rate in effect under section 421.7. In addition, a contractor who willfully makes a false application for refund is guilty of a simple misdemeanor and is liable for a penalty equal to fifty percent of the excess refund claimed. Excess refunds, penalties, and interest due under this subsection may be enforced and collected in the same manner as the local sales and services tax imposed under this chapter.

Sec. 7. In a city that was authorized to impose a local hotel and motel tax under chapter 422A as a result of an election held during the last quarter of the 1987 calendar year, any hotel and motel owner or other person responsible for collection of a local hotel and motel tax that prematurely collects a local hotel and motel tax in such city during the period beginning January 1, 1988, and ending with the actual imposition of such tax, shall remit the amount collected to

the department of revenue and finance at the time of filing the person's next state sales, services, and use tax return. Moneys received by the department pursuant to this section shall be deposited and disbursed as provided in section 422A.2. To the extent of the amount prematurely collected, the local hotel and motel tax shall be deemed to have been imposed January 1, 1988, in a city described in this section.

Sec. 8. This Act, being deemed of immediate importance, takes effect upon enactment.

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DONALD D. AVENSON  
Speaker of the House

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JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2463, Seventy-second General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved *May 4*, 1988

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TERRY E. BRANSTAD  
Governor