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FEB 9 1989

HOUSE FILE 271

WAYS & MEANS CALENDAR

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 125)

Passed House, Date 4-17-89 (p. 1835) Passed Senate, Date 5-2-89 (p. 1835)

Vote: Ayes 13 Nays 0 Vote: Ayes 46 Nays 2

Approved \_\_\_\_\_

A BILL FOR

345-1 An Act providing for the repeal of a local option sales and  
2 services tax and providing an effective date.

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

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HF 271

3485  
3483, 3486

1 Section 1. In a county that has imposed a local option  
2 sales and services tax, the board of supervisors shall, not-  
3 withstanding any contrary provision of chapter 422B, repeal  
4 the local option sales and services tax in an incorporated  
5 city area in which the tax has been imposed upon receipt of a  
6 motion adopted by the governing body of that incorporated city  
7 area requesting repeal. The board of supervisors shall repeal  
8 the local option sales and services tax effective at the end  
9 of the calendar quarter during which the motion for the repeal  
10 was received.

3485

11 Sec. 2. This Act, being deemed of immediate importance,  
12 takes effect upon enactment.

3486

13 Sec. 3. Section 1 of this Act is repealed July 1, 1989.

14 EXPLANATION

15 This bill allows counties to repeal a local option sales  
16 and services tax in an incorporated city where the tax is  
17 imposed upon receiving a motion requesting an appeal by the  
18 governing body of the incorporated city. The board of  
19 supervisors will repeal the local option sales and services  
20 tax effective at the end of the calendar quarter during which  
21 the motion to repeal is received. The Act is effective upon  
22 enactment and is repealed July 1, 1989.

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HOUSE FILE 271  
FISCAL NOTE

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A fiscal note for HOUSE FILE 271 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 271 provides for the County Board of Supervisors to repeal local option tax in an incorporated city upon receipt of a motion adopted by the incorporated city. Currently, a question of repeal must receive a majority vote favoring repeal in the area where the tax has been imposed.

Fiscal Effect

The bill results in a change in repeal procedures for local sales tax. There is no fiscal impact.

Source: Department of Revenue and Finance

(LSB 4037hv, PDD)

FILED FEBRUARY 23, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 271

H-3156

1 Amend House File 271 as follows:

2 1. Page 1, line 1, by inserting after the figure  
3 "1." the following: "Section 422B.1, Code 1989, is  
4 amended by adding the following new subsection:

5 NEW SUBSECTION. 8."

6 2. Page 1, line 3, by striking the words "chapter  
7 422B" and inserting the following: "this chapter".

8 3. Page 1, line 10, by inserting after the word  
9 "received." the following: "For purposes of this  
10 subsection, incorporated city area includes an  
11 incorporated city which is contiguous to another  
12 incorporated city."

13 4. Page 1, by striking line 13.

By KREMER of Buchanan

H-3156 FILED FEBRUARY 15, 1989

*Adopted 4-17-89 (P. 112)*  
HOUSE FILE 271

H-3161

1 Amend House File 271 as follows:

2 1. Page 1, line 5, by inserting after the word  
3 "area" the following: "with a population of not less  
4 than two hundred sixty and not more than three  
5 hundred".

By HARBOR of Mills

H-3161 FILED FEBRUARY 15, 1989

*Adopted 4-17-89 (P. 112)*

HOUSE FILE 271

H-3293

1 Amend House File 271 as follows:

2 1. Page 1, line 4, by inserting after the word  
3 "tax" the following: "in the unincorporated areas  
4 or".

5 2. Page 1, line 5, by inserting after the word  
6 "imposed" the following: "upon adoption of its own  
7 motion for repeal in the unincorporated areas or".

8 3. Page 1, line 9, by inserting after the word  
9 "which" the following: "it adopted the repeal motion  
10 or".

By GRONINGA of Cerro Gordo

H-3293 FILED MARCH 6, 1989

*Adopted 4-17-89 (P. 112)*

HOUSE FILE 271

H-3485

1 Amend House File 271 as follows:

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

4 "Sec. 10. Section 422B.9, unnumbered paragraph 2,  
5 Code 1989, is amended to read as follows:

6 A local sales and services tax shall be repealed  
7 only on March 31, June 30, September 30, or December  
8 31. However, a local sales and services tax shall not  
9 be repealed before the tax has been in effect for one  
10 year. At least forty days before the imposition or  
11 repeal of the tax, a county shall provide notice of  
12 the action by certified mail to the director of  
13 revenue and finance."

14 2. Page 1, by inserting after line 10 the  
15 following:

16 "Sec. \_\_\_\_ . Section 10 of this Act applies to local  
17 sales and services taxes that are in effect on or  
18 after January 1, 1990."

19 3. Title page, line 1, by striking the words  
20 "providing for" and inserting the following:  
21 "relating to".

By GRONINGA of Cerro Gordo

H-3485 FILED MARCH 20, 1989

Accepted 4-1-89 (P1096)

Senate Ways & Means  
Do pass per amend. 4016  
4-28-89 (p-1773)

HOUSE FILE 271

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 125)

(As Amended and Passed by the House April 17, 1989)

Passed House, Date See below Passed Senate, Date 5-2-89 (p. 1835)  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes 46 Nays 2  
Approved June 1, 1989

A BILL FOR

406- 1 An Act relating to the repeal of a local option sales and  
2 services tax and providing an effective date.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

House Amendments \_\_\_\_\_

Deleted Language \*

Conference Committee appointed 5/5/89

Rep. Wain (Chair), Connolly, Metcalfe, Rosenberg, & Schmitt (p. 2522)  
Senator Prick (Chair), Huss, Doyle, Fubner, & Gentlemen

Passed per Conference Committee Report

House 5/6/89 (p. 2652)  
95-0

Senate 5/6/89 (p. 2063)  
48-0

4016-

1 Section 1. Section 422B.9, unnumbered paragraph 2, Code  
2 1989, is amended to read as follows:

3 A local sales and services tax shall be repealed only on  
4 March 31, June 30, September 30, or December 31. However, a  
5 local sales and services tax shall not be repealed before the  
6 tax has been in effect for one year. At least forty days  
7 before the imposition or repeal of the tax, a county shall  
8 provide notice of the action by certified mail to the director  
9 of revenue and finance.

10 Sec. 2. Section 422B.1, Code 1989, is amended by adding  
11 the following new subsection:

12 NEW SUBSECTION. 8. In a county that has imposed a local  
13 option sales and services tax, the board of supervisors shall,  
14 notwithstanding any contrary provision of this chapter, repeal  
15 the local option sales and services tax in the unincorporated  
16 areas or in an incorporated city area in which the tax has  
17 been imposed upon adoption of its own motion for repeal in the  
18 unincorporated areas or upon receipt of a motion adopted by  
19 the governing body of that incorporated city area requesting  
20 repeal. The board of supervisors shall repeal the local  
21 option sales and services tax effective at the end of the  
22 calendar quarter during which it adopted the repeal motion or  
23 the motion for the repeal was received. For purposes of this  
24 subsection, incorporated city area includes an incorporated  
25 city which is contiguous to another incorporated city.

4056 > 26 Sec. 3. Section 1 of this Act applies to local sales and  
27 services taxes that are in effect on or after January 1, 1990.

4055 > 28 Sec. 4. This Act, being deemed of immediate importance,  
29 takes effect upon enactment.

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## HOUSE FILE 271

S-4016

1 Amend House File 271, as amended, passed, and  
2 reprinted by the House, as follows:

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

5 "Section 1. Section 422B.8, unnumbered paragraph  
6 1, Code 1989, is amended to read as follows:

7 A local sales and services tax at the rate of not  
8 more than one percent may be imposed by a county on  
9 the gross receipts taxed by the state under chapter  
10 422, division IV. A local sales and services tax  
11 shall be imposed on the same basis as the state sales  
12 and services tax and may not be imposed on the sale of  
13 any property or on any service not taxed by the state,  
14 except the tax shall not be imposed on the gross  
15 receipts from the sale of motor fuel or special fuel  
16 as defined in chapter 324, on the gross receipts from  
17 the rental of rooms, apartments, or sleeping quarters  
18 which are taxed under chapter 422A during the period  
19 the hotel and motel tax is imposed, on the gross  
20 receipts from the sale of natural gas or electric  
21 energy in a city or county where the gross receipts  
22 are subject to a franchise fee or user fee during the  
23 period the franchise or user fee is imposed, on the  
24 gross receipts upon which sales tax is imposed only  
25 under section 422.43, subsection 12, and on the gross  
26 receipts from the sale of a lottery ticket or share in  
27 a lottery game conducted pursuant to chapter 99E.

28 PARAGRAPH DIVIDED. A local sales and services tax  
29 is applicable to transactions within those  
30 incorporated and unincorporated areas of the county  
31 where it is imposed and shall be collected by all  
32 persons required to collect state gross receipts  
33 taxes. However, if the retailer in a transaction is  
34 located in an area where the tax is not imposed but  
35 delivers the tangible personal property or service to  
36 a location in an area where the tax is imposed, the  
37 tax shall not be imposed even though payment or  
38 service is received or title transferred at the point  
39 of delivery, unless the retailer has an outlet in the  
40 area where the tax is imposed from which the property  
41 or service could have been sold. All cities  
42 contiguous to each other shall be treated as part of  
43 one incorporated area and the tax ~~would~~ shall be  
44 imposed in each of those contiguous cities only if the  
45 majority of those voting in the total area covered by  
46 the contiguous cities favor its imposition."

47 2. Title page, line 1, by inserting after the  
48 word "Act" the following: "relating to transactions  
49 subject to a local option sales and services tax,  
50 providing that a local option sales and services tax

S-4016

Page 2

1 shall not be applied in certain locations where  
2 delivery is made, and".

3 3. By renumbering as necessary.

By COMMITTEE ON WAYS AND MEANS  
WILLIAM DIELEMAN, Chairperson

S-4016 FILED APRIL 28, 1989

*out of order 5-2-89 (p-1834)*

## HOUSE FILE 271

S-4055

1 Amend House File 271, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 28, the  
4 following:

5 "Sec. 100. A city located in a county with a  
6 population between ninety thousand and one hundred  
7 twenty-five thousand, which has imposed a local option  
8 tax for more than one year and seeks to change the  
9 specific purpose for which the local option tax  
10 revenues are expended notwithstanding any other  
11 provisions of this chapter, shall by resolution change  
12 the specific purpose for which the local option tax  
13 revenues are expended. The resolution shall not be  
14 effective before the expiration of sixty days  
15 following the enactment of the resolution. Within  
16 thirty days of the enactment of the resolution, a  
17 referendum on the change of the specific purpose for  
18 which the local option tax revenues are expended may  
19 be requested by five percent of the citizens who voted  
20 in the last election."

21 2. Page 1, by inserting after line 29, the  
22 following:

23 "Sec. \_\_\_\_ . Section 100 is repealed January 1,  
24 1990."

25 3. By renumbering as necessary.

By DONALD V. DOYLE

S-4055 FILED MAY 2, 1989

ADOPTED 5-2-89 (p 1835)

## HOUSE FILE 271

S-4056

1 Amend House File 271, as amended, passed, and re-  
2 printed by the House, as follows:

3 1. Page 1, line 11, by striking the word  
4 "subsection" and inserting the following:  
5 "subsections".

6 2. Page 1, by inserting before line 26 the fol-  
7 lowing:

8 "NEW SUBSECTION. 9. Local option taxes authorized  
9 to be imposed as provided in this chapter shall not be  
10 imposed on the sales of state property."

By BERL E. PRIEBE

S-4056 FILED MAY 2, 1989

ADOPTED 5-7-89 (p 1834)

SENATE AMENDMENT TO HOUSE FILE 271

H-4374

1 Amend House File 271, as amended, passed, and re-  
2 printed by the House, as follows:

3 1. Page 1, line 11, by striking the word  
4 "subsection" and inserting the following:  
5 "subsections".

6 2. Page 1, by inserting before line 26 the fol-  
7 lowing:

8 "NEW SUBSECTION. 9. Local option taxes authorized  
9 to be imposed as provided in this chapter shall not be  
10 imposed on the sales of state property."

11 3. Page 1, by inserting before line 28, the  
12 following:

13 "Sec. 100. A city located in a county with a  
14 population between ninety thousand and one hundred  
15 twenty-five thousand, which has imposed a local option  
16 tax for more than one year and seeks to change the  
17 specific purpose for which the local option tax  
18 revenues are expended notwithstanding any other  
19 provisions of this chapter, shall by resolution change  
20 the specific purpose for which the local option tax  
21 revenues are expended. The resolution shall not be  
22 effective before the expiration of sixty days  
23 following the enactment of the resolution. Within  
24 thirty days of the enactment of the resolution, a  
25 referendum on the change of the specific purpose for  
26 which the local option tax revenues are expended may  
27 be requested by five percent of the citizens who voted  
28 in the last election."

29 4. Page 1, by inserting after line 29, the  
30 following:

31 "Sec. \_\_\_\_ . Section 100 is repealed January 1,  
32 1990."

33 5. By renumbering, relettering, or redesignating  
34 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-4374 FILED MAY 2, 1989

REFUSED TO CONCUR

5-2-89 (p.2307)

Senate Insistd 5-5-89 (p.1960)

1                                   REPORT OF THE CONFERENCE COMMITTEE  
2                                   ON HOUSE FILE 271

3       To the Speaker of the House of Representatives and the  
4       President of the Senate:

5       We, the undersigned members of the conference committee  
6       appointed to resolve the differences between the House of  
7       Representatives and the Senate on House File 271, a bill for An  
8       Act relating to the repeal of a local option sales and services  
9       tax and providing an effective date, respectfully make the  
10      following report:

11      1. That the Senate recede from its amendment, H-4374.

12      2. That House File 271, as amended, passed, and reprinted  
13      by the House, is amended as follows:

14      1. Page 1, by inserting before line 26 the following:

15      "Sec. \_\_\_\_ . Section 422B.8, unnumbered paragraph 1, Code  
16      1989, is amended to read as follows:

17      A local sales and services tax at the rate of not more than  
18      one percent may be imposed by a county on the gross receipts  
19      taxed by the state under chapter 422, division IV. A local  
20      sales and services tax shall be imposed on the same basis as  
21      the state sales and services tax and may not be imposed on the  
22      sale of any property or on any service not taxed by the state,  
23      except the tax shall not be imposed on the gross receipts from  
24      the sale of motor fuel or special fuel as defined in chapter  
25      324, on the gross receipts from the rental of rooms,  
26      apartments, or sleeping quarters which are taxed under chapter  
27      422A during the period the hotel and motel tax is imposed, on  
28      the gross receipts from the sale of natural gas or electric  
29      energy in a city or county where the gross receipts are subject  
30      to a franchise fee or user fee during the period the franchise  
31      or user fee is imposed, on the gross receipts upon which sales  
32      tax is imposed only under section 422.43, subsection 12, on the  
33      gross receipts from the sale of equipment by the state  
34      department of transportation, and on the gross receipts from  
35      the sale of a lottery ticket or share in a lottery game  
36      conducted pursuant to chapter 99E. A local sales and services  
37      tax is applicable to transactions within those incorporated and

CCR-271\*

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1 unincorporated areas of the county where it is imposed and  
2 shall be collected by all persons required to collect state  
3 gross receipts taxes. All cities contiguous to each other  
4 shall be treated as part of one incorporated area and the tax  
5 would be imposed in each of those contiguous cities only if the  
6 majority of those voting in the total area covered by the  
7 contiguous cities favor its imposition."

8 2. Page 1, by inserting before line 28, the following:

9 "Sec. 100. A city with a population under six hundred  
10 located in a county with a population between ninety-five  
11 thousand and one hundred ten thousand, which has imposed a  
12 local option tax for more than one year and seeks to change the  
13 specific purpose for which the local option tax revenues are  
14 expended notwithstanding any other provisions of this chapter,  
15 shall by resolution change the specific purpose for which the  
16 local option tax revenues are expended. The resolution shall  
17 not be effective before the expiration of sixty days following  
18 the enactment of the resolution. Within thirty days of the  
19 enactment of the resolution, a referendum on the change of the  
20 specific purpose for which the local option tax revenues are  
21 expended may be requested by five percent of the citizens who  
22 voted in the last state general election."

23 3. Page 1, by inserting after line 29, the following:

24 "Sec. \_\_\_\_\_. Section 100 is repealed January 1, 1990."

25 4. By renumbering, relettering, or redesignating and  
26 correcting internal references as necessary.

## ON THE PART OF THE HOUSE:

PHIL WISE, Chairperson  
MICHAEL CONNOLLY  
RALPH ROSENBERG  
JANET METCALF  
HUGO SCHNEKLOTH

## ON THE PART OF THE SENATE:

BERL PRIEBE, Chairperson  
EMIL HUSAK  
DONALD DOYLE  
LINN FUHRMAN  
JULIA GENTLEMAN

CCR-271 FILED MAY 6, 1989  
REPORT ADOPTED. (p. 2651)

*Sen Adopted 5/6 (p. 2063)*

## HOUSE FILE 271

## AN ACT

RELATING TO THE REPEAL OF A LOCAL OPTION SALES AND SERVICES  
TAX AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 422B.1, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 8. 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 adopted the repeal motion or the motion for the repeal was received. For purposes of this subsection, incorporated city area includes an incorporated city which is contiguous to another incorporated city.

Sec. 2. Section 422B.8, unnumbered paragraph 1, Code 1989, 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 324, 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 upon which sales tax is imposed only under section 422.43, subsection 12, 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. 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. 3. Section 422B.9, unnumbered paragraph 2, Code 1989, is amended to read as follows:

A local sales and services tax shall be repealed only on March 31, June 30, September 30, or December 31. 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.

Sec. 4. A city with a population under six hundred located in a county with a population between ninety-five thousand and one hundred ten thousand, which has imposed a local option tax for more than one year and seeks to change the specific purpose for which the local option tax revenues are expended notwithstanding any other provisions of this chapter, shall by resolution change the specific purpose for which the local option tax revenues are expended. The resolution shall not be effective before the expiration of sixty days following the enactment of the resolution. Within thirty days of the

enactment of the resolution, a referendum on the change of the specific purpose for which the local option tax revenues are expended may be requested by five percent of the citizens who voted in the last state general election.

Sec. 5. Section 3 of this Act applies to local sales and services taxes that are in effect on or after January 1, 1990.

Sec. 6. Section 4 is repealed January 1, 1990.

Sec. 7. 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 271, Seventy-third General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved June 1, 1989

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TERRY E. BRANSTAD  
Governor