

MAR 23 1989

WAYS & MEANS CALENDAR

HOUSE FILE 751

BY COMMITTEE ON WAYS AND
MEANS

*Sen. Ways & Means
DO pass 5-1-89 (p.1807)*

(SUCCESSOR TO HF 93)

Passed House, Date 4-17-89 (p.1630) Passed Senate, Date 5-4-89 (p.1899)
Vote: Ayes 96 Nays 0 Vote: Ayes 49 Nays 0
Approved June 1, 1989

A BILL FOR

1 An Act relating to the remittance of the local option tax to
2 local governments.

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

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HF 751

1 Section 1. Section 422B.10, subsection 1, Code 1989, is
2 amended to read as follows:

3 1. The ~~treasurer-of-state~~ director shall credit the local
4 sales and services tax receipts and interest and penalties
5 from a county to the county's account in the local sales and
6 services tax fund. If the director ~~of-revenue-and-finance~~ is
7 unable to determine from which county any of the receipts were
8 collected, those receipts shall be allocated amongst the
9 possible counties based on allocation rules adopted by the
10 director ~~of-revenue-and-finance~~.

11 Sec. 2. Section 422B.10, subsection 2, Code 1989, is
12 amended by striking the subsection and inserting in lieu
13 thereof the following:

14 2. a. The director of revenue and finance within fifteen
15 days of the beginning of each fiscal year shall send to each
16 city or county where the local option tax is imposed, an
17 estimate of the amount of tax moneys each city or county will
18 receive for the year and for each quarter of the year. At the
19 end of each quarter, the director may revise the estimates for
20 the year and remaining quarters.

21 b. The director of revenue and finance shall remit ninety
22 percent of the estimate tax receipts for the city or county to
23 the city or county after the end of each quarter no later than
24 the following dates: November 10, February 10, May 10, and
25 August 10.

26 c. The director of revenue and finance shall remit a final
27 payment of the remainder of tax moneys due the city or county
28 for the fiscal year before the due date for the payment of the
29 first quarter of the next fiscal year. If an overpayment has
30 resulted during the previous fiscal year, the first payment of
31 the new fiscal year shall be adjusted to reflect any
32 overpayment.

33 EXPLANATION

34 This bill provides for the director of revenue and finance
35 within fifteen days of the beginning of each fiscal year to

1 send to the city or county where a local option tax is
2 imposed, an estimate of the amount of taxes each city or
3 county will receive for the year and each quarter. The
4 estimates can be revised.

5 The bill provides that the director shall remit ninety
6 percent of the estimate tax receipts to the city or county
7 after the end of each quarter no later than the following
8 dates: November 10, February 10, May 10, and August 10. The
9 director shall make a final payment of the remainder of tax
10 moneys due the city or county before the payment of the first
11 quarter of the next fiscal year. If an overpayment has
12 resulted during the previous fiscal year, the first payment of
13 the new fiscal year will be adjusted to reflect the
14 overpayment.

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HOUSE FILE 751
FISCAL NOTE

A fiscal note for HOUSE FILE 751 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.

House File 751 would require certification of local option sales tax revenue by the 10th of the month following the quarterly filing date. The amount certified would be 90% of the amount estimated to be due for the quarter. The remaining 10% would be certified following the close of the fiscal year and no later than November 10.

Assumptions

1. A full year's experience with the jurisdictions that will be imposing the tax April 1, 1989, is assumed.
2. Current law distribution of local option tax collections to the local governments occurs quarterly according to a schedule used in recent years.

Fiscal Effect

The Department estimated the impact for two fiscal years and found the amount of reduction in interest that would not go to the state under this bill for both fiscal years to be \$200,000 to \$225,000.

Assuming this bill takes effect for FY 1990 and the certification process goes forward smoothly, this fiscal estimate would apply to FY 1990 and FY 1991.

Source: Department of Revenue and Finance

(LSB 4059hv, PDD)

FILED MARCH 31, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 751

AN ACT

RELATING TO THE REMITTANCE OF THE LOCAL OPTION TAX TO LOCAL GOVERNMENTS.

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

Section 1. Section 422B.10, subsection 1, Code 1989, is amended to read as follows:

1. The ~~treasurer-of-state~~ director shall credit the local sales and services tax receipts and interest and penalties from a county to the county's account in the local sales and services tax fund. If the ~~director of-revenue-and-finance~~ is unable to determine from which county any of the receipts were collected, those receipts shall be allocated amongst the possible counties based on allocation rules adopted by the ~~director of-revenue-and-finance~~.

Sec. 2. Section 422B.10, subsection 2, Code 1989, is amended by striking the subsection and inserting in lieu thereof the following:

2. a. The director of revenue and finance within fifteen days of the beginning of each fiscal year shall send to each city or county where the local option tax is imposed, an estimate of the amount of tax moneys each city or county will receive for the year and for each quarter of the year. At the end of each quarter, the director may revise the estimates for the year and remaining quarters.

b. The director of revenue and finance shall remit ninety percent of the estimate tax receipts for the city or county to the city or county after the end of each quarter no later than the following dates: November 10, February 10, May 10, and August 10.

c. The director of revenue and finance shall remit a final payment of the remainder of tax moneys due the city or county

for the fiscal year before the due date for the payment of the first quarter of the next fiscal year. If an overpayment has resulted during the previous fiscal year, the first payment of the new fiscal year shall be adjusted to reflect any overpayment.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 751, Seventy-third General Assembly.

Approved June 1, 1989

JOSEPH O'HERN
Chief Clerk of the House

TERRY E. BRANSTAD
Governor