

MAR 24 1995
WAYS AND MEANS

HOUSE FILE 544
BY LARKIN

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the imposition of a countywide local option
2 sales and services tax and providing an effective and
3 applicability date provision.

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

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HF 544

1 Section 1. Section 422B.1, subsection 2, Code 1995, is
2 amended to read as follows:

3 2. A local option tax shall be imposed only after an
4 election at which a majority of those voting on the question
5 favors imposition and shall then be imposed until repealed as
6 provided in subsection 5, paragraph "a". If the local option
7 tax is ~~a local vehicle tax~~ imposed by a county, it shall apply
8 to all incorporated and unincorporated areas of the county.

9 ~~If the tax is a local sales and services tax imposed by a~~
10 ~~county, it shall only apply to those incorporated areas and~~
11 ~~the unincorporated area of that county in which a majority of~~
12 ~~those voting in the area on the tax favors its imposition.~~
13 ~~For purposes of the local sales and services tax, all cities~~
14 ~~contiguous to each other shall be treated as part of one~~
15 ~~incorporated area and the tax would be imposed in each of~~
16 ~~those contiguous cities only if the majority of those voting~~
17 ~~in the total area covered by the contiguous cities favors its~~
18 ~~imposition. For purposes of the local sales and services tax,~~
19 ~~a city is not contiguous to another city if the only road~~
20 ~~access between the two cities is through another state.~~

21 Sec. 2. Section 422B.1, subsection 5, paragraph a,
22 unnumbered paragraph 1, Code 1995, is amended to read as
23 follows:

24 If a majority of those voting on the question of imposition
25 of a local option tax favor imposition of a local option tax,
26 the governing body of that county shall impose the tax at the
27 rate specified for an unlimited period. However, ~~in the case~~
28 ~~of a local sales and services tax, the county shall not impose~~
29 ~~the tax in any incorporated area or the unincorporated area if~~
30 ~~the majority of those voting on the tax in that area did not~~
31 ~~favor its imposition. For purposes of the local sales and~~
32 ~~services tax, all cities contiguous to each other shall be~~
33 ~~treated as part of one incorporated area and the tax shall be~~
34 ~~imposed in each of those contiguous cities only if the~~
35 ~~majority of those voting on the tax in the total area covered~~

1 ~~by-the-contiguous-cities-favored-its-imposition.~~ The local
2 option tax may be repealed or the rate increased or decreased
3 or the use thereof changed after an election at which a
4 majority of those voting on the question of repeal or rate or
5 use change favored the repeal or rate or use change. The
6 election at which the question of repeal or rate or use change
7 is offered shall be called and held in the same manner and
8 under the same conditions as provided in subsections 3 and 4
9 for the election on the imposition of the local option tax.
10 However, in the case of a local sales and services tax imposed
11 prior to May 1, 1995, where the tax has not been imposed
12 countywide, the question of repeal or imposition or rate or
13 use change shall be voted on only by the qualified electors of
14 the areas of the county where the tax has been imposed or has
15 not been imposed, as appropriate. However, counties which
16 have imposed a local sales and services tax prior to May 1,
17 1995, which was not countywide may continue to do so until the
18 tax is imposed countywide or the tax is no longer imposed in
19 the county.

20 Sec. 3. Section 422B.1, subsection 8, Code 1995, is
21 amended to read as follows:

22 8. In a county that has imposed a the local option sales
23 and services tax prior to May 1, 1995, the board of
24 supervisors shall, notwithstanding any contrary provision of
25 this chapter, repeal the local option sales and services tax
26 in the unincorporated areas or in an incorporated city area in
27 which the tax has been imposed upon adoption of its own motion
28 for repeal in the unincorporated areas or upon receipt of a
29 motion adopted by the governing body of that incorporated city
30 area requesting repeal. The board of supervisors shall repeal
31 the local option sales and services tax effective at the end
32 of the calendar quarter during which it adopted the repeal
33 motion or the motion for the repeal was received. For
34 purposes of this subsection, incorporated city area includes
35 an incorporated city which is contiguous to another

1 incorporated city.

2 Sec. 4. Section 422B.8, unnumbered paragraph 1, Code 1995,
3 is amended to read as follows:

4 A local sales and services tax at the rate of not more than
5 one percent may be imposed by a county on the gross receipts
6 taxed by the state under chapter 422, division IV. A local
7 sales and services tax shall be imposed on the same basis as
8 the state sales and services tax and may not be imposed on the
9 sale of any property or on any service not taxed by the state,
10 except the tax shall not be imposed on the gross receipts from
11 the sale of motor fuel or special fuel as defined in chapter
12 452A, on the gross receipts from the rental of rooms,
13 apartments, or sleeping quarters which are taxed under chapter
14 422A during the period the hotel and motel tax is imposed, on
15 the gross receipts from the sale of natural gas or electric
16 energy in a city or county where the gross receipts are
17 subject to a franchise fee or user fee during the period the
18 franchise or user fee is imposed, on the gross receipts upon
19 which sales tax is imposed only under section 422.43,
20 subsection 12, on the gross receipts from the sale of
21 equipment by the state department of transportation, and on
22 the gross receipts from the sale of a lottery ticket or share
23 in a lottery game conducted pursuant to chapter 99E. A local
24 sales and services tax is applicable to transactions within
25 those incorporated and unincorporated areas of the county
26 where it is imposed and shall be collected by all persons
27 required to collect state gross receipts taxes. ~~All cities
28 contiguous-to-each-other-shall-be-treated-as-part-of-one
29 incorporated-area-and-the-tax-would-be-imposed-in-each-of
30 those-contiguous-cities-only-if-the-majority-of-those-voting
31 in-the-total-area-covered-by-the-contiguous-cities-favor-its
32 imposition.~~

33 Sec. 5. This Act, being deemed of immediate importance,
34 takes effect upon enactment and applies to local option sales
35 and services taxes to be imposed on or after May 1, 1995.

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EXPLANATION

Under present application of the local sales and services tax statutes, counties impose the local sales and services tax in the incorporated or unincorporated areas of the county where a majority of those voting in such areas vote in favor of the imposition. Thus, none of the counties that have imposed the tax as of March 1, 1995, have done so on a countywide basis. This bill requires that after April 30, 1995, a local sales and services tax shall be imposed countywide. The bill provides a provision to allow those counties that have local sales and services taxes which are not countywide to continue to impose the tax.

The bill takes effect upon enactment and applies to local sales and services taxes to be imposed on or after May 1, 1995.