

SENATE FILE 470  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 359)

Passed Senate, Date 4/17/95 (p.1233) Passed House, Date \_\_\_\_\_  
Vote: Ayes 48 Nays 0 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the imposition of a local option sales and  
2 services tax in certain cities located in two counties and  
3 providing an effective date.

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

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S.F. 470

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

3 1. A county may impose by ordinance of the board of  
4 supervisors local option taxes authorized by this chapter,  
5 subject to this section and subject to the exception provided  
6 in subsection 1A.

7 Sec. 2. Section 422B.1, Code 1995, is amended by adding  
8 the following new subsection:

9 NEW SUBSECTION. 1A. a. A city whose corporate boundaries  
10 include areas of two counties may impose by ordinance of its  
11 city council a local sales and services tax if all of the  
12 following apply:

13 (1) All the residents of the city live in one county.

14 (2) The county in which the city residents reside has held  
15 an election on the question of the imposition of a local sales  
16 and services tax and a majority of those voting on the  
17 question in the city favored its imposition.

18 (3) The city has entered into an agreement on the  
19 distribution of the sales and services tax revenues collected  
20 from the area where the city tax is imposed with the county  
21 where such area is located.

22 b. The city council of a city authorized to impose a local  
23 sales and services tax pursuant to paragraph "a" shall only do  
24 so subject to all of the following restrictions:

25 (1) The tax shall only be imposed in the area of the city  
26 located in the county where none of its residents reside.

27 (2) The tax shall be at the same rate and become effective  
28 at the same time as the county tax imposed in the other area  
29 of the city.

30 (3) The tax once imposed shall continue to be imposed  
31 until the county imposed tax is reduced or increased in rate  
32 or repealed, and then the city imposed tax shall also be  
33 reduced or increased in rate or repealed in the same amount  
34 and be effective on the same date.

35 (4) The tax shall be imposed on the same basis as provided

1 in section 422B.8 and notification requirements in section  
2 422B.9 apply.

3 (5) The city shall assist the department of revenue and  
4 finance to identify the businesses in the area which are to  
5 collect the city imposed tax. The process shall be ongoing as  
6 long as the city tax is imposed.

7 c. The agreement on the distribution of the revenues  
8 collected from the city imposed tax shall provide that fifty  
9 percent of such revenues shall be remitted to the county in  
10 which the part of the city where the city tax is imposed is  
11 located.

12 d. The latest certified federal census preceding the  
13 election held by the county on the question of imposition of  
14 the local sales and services tax shall be used in determining  
15 if the city qualifies under paragraph "a", subparagraph (1) to  
16 impose its own tax and in determining the area where the city  
17 tax may be imposed under paragraph "b", subparagraph (1).

18 e. A city is not authorized to impose a local sales and  
19 services tax under this subsection after January 1, 1998. A  
20 city that has imposed a local sales and services tax under  
21 this subsection on or before January 1, 1998, may continue to  
22 collect the tax until such time as the tax is repealed by the  
23 city and the fact that that area acquires residents after the  
24 tax is imposed shall not affect the imposition or collection  
25 of the tax.

26 Sec. 3. Section 422B.10, subsection 1, Code 1995, is  
27 amended to read as follows:

28 1. The director shall credit the local sales and services  
29 tax receipts and interest and penalties from a county imposed  
30 tax to the county's account in the local sales and services  
31 tax fund and from a city imposed tax under section 422B.1,  
32 subsection 1A, to the city's account in the local sales and  
33 services tax fund. If the director is unable to determine  
34 from which county any of the receipts were collected, those  
35 receipts shall be allocated amongst among the possible

1 counties based on allocation rules adopted by the director.

2 Sec. 4. Section 422B.10, Code 1995, is amended by adding  
3 the following new subsection:

4 NEW SUBSECTION. 4A. From each city's account, the percent  
5 of revenues agreed to be distributed to the county in the  
6 agreement entered into as provided in section 422B.1,  
7 subsection 1A, paragraph "a", subparagraph (3) and paragraph  
8 "c", shall be deposited into the appropriate county's account  
9 to be remitted as provided in subsections 3 and 4. The  
10 remaining revenues in the city's account shall be remitted to  
11 the city council. If a county does not have an account, its  
12 percent of the revenues shall be remitted directly to the  
13 county board of supervisors.

14 Sec. 5. This Act, being deemed of immediate importance,  
15 takes effect upon enactment.

16 EXPLANATION

17 The bill authorizes a city which is located in two  
18 counties, but all of its residents are located in one county,  
19 to impose a city local sales and services tax in the county  
20 where none of its residents live. Present law only allows  
21 counties to impose the local sales and services tax and only  
22 in incorporated areas that have voted for the imposition.  
23 Therefore, the area of the city located in the county where no  
24 residents live could not under present law have the tax apply  
25 in its area.

26 The bill contains certain conditions and restrictions on  
27 the city imposed tax. These include imposing the tax only if  
28 the county has imposed the tax in the city area where all its  
29 residents live, agreeing to split the revenues equally with  
30 the county where no residents of the city live, the rate of  
31 tax and its effective date must be the same as for the county  
32 imposed tax, and any rate reduction, increase, or repeal for  
33 the county must also be done for the city tax.

34 The bill provides that a city cannot impose such a city  
35 local sales and services tax after January 1, 1998, but if one

1 is imposed on or before that date, it may continue until such  
2 time as it is repealed.

3 The bill takes effect upon enactment.

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Izzymoniak  
Connolly  
McLaren

SSB 359

Succeeded By  
SF/HF 470

Ways & Means

SENATE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON PALMER)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

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