

# Senate Study Bill 359

## Conference Committee Text

PAG LIN

1 1 Section 1. Section [422B.1](#), subsection 1, Code 1995, is  
1 2 amended to read as follows:  
1 3 1. A county may impose by ordinance of the board of  
1 4 supervisors local option taxes authorized by this chapter,  
1 5 subject to this section and subject to the exception provided  
1 6 in subsection 1A.  
1 7 Sec. 2. Section [422B.1](#), Code 1995, is amended by adding  
1 8 the following new subsection:  
1 9 NEW SUBSECTION. 1A. a. A city whose corporate boundaries  
1 10 include areas of two counties may impose by ordinance of its  
1 11 city council a local sales and services tax if all of the  
1 12 following apply:  
1 13 (1) All the residents of the city live in one county.  
1 14 (2) The county in which the city residents reside has held  
1 15 an election on the question of the imposition of a local sales  
1 16 and services tax and a majority of those voting on the  
1 17 question in the city favored its imposition.  
1 18 (3) The city has entered into an agreement on the  
1 19 distribution of the sales and services tax revenues collected  
1 20 from the area where the city tax is imposed with the county  
1 21 where such area is located.  
1 22 b. The city council of a city authorized to impose a local  
1 23 sales and services tax pursuant to paragraph "a" shall only do  
1 24 so subject to all of the following restrictions:  
1 25 (1) The tax shall only be imposed in the area of the city  
1 26 located in the county where none of its residents reside.  
1 27 (2) The tax shall be at the same rate and become effective  
1 28 at the same time as the county tax imposed in the other area  
1 29 of the city.  
1 30 (3) The tax once imposed shall continue to be imposed  
1 31 until the county imposed tax is reduced or increased in rate  
1 32 or repealed, and then the city imposed tax shall also be  
1 33 reduced or increased in rate or repealed in the same amount  
1 34 and be effective on the same date.  
1 35 (4) The tax shall be imposed on the same basis as provided  
2 1 in section 422B.8 and notification requirements in section  
2 2 422B.9 apply.  
2 3 (5) The city shall assist the department of revenue and  
2 4 finance to identify the businesses in the area which are to  
2 5 collect the city imposed tax. The process shall be ongoing as  
2 6 long as the city tax is imposed.  
2 7 c. The agreement on the distribution of the revenues  
2 8 collected from the city imposed tax shall provide that fifty  
2 9 percent of such revenues shall be remitted to the county in  
2 10 which the part of the city where the city tax is imposed is  
2 11 located.  
2 12 d. The latest certified federal census preceding the  
2 13 election held by the county on the question of imposition of  
2 14 the local sales and services tax shall be used in determining  
2 15 if the city qualifies under paragraph "a", subparagraph (1) to  
2 16 impose its own tax and in determining the area where the city  
2 17 tax may be imposed under paragraph "b", subparagraph (1).  
2 18 e. A city is not authorized to impose a local sales and  
2 19 services tax under this subsection after January 1, 1998. A  
2 20 city that has imposed a local sales and services tax under  
2 21 this subsection on or before January 1, 1998, may continue to

2 22 collect the tax until such time as the tax is repealed by the  
2 23 city and the fact that that area acquires residents after the  
2 24 tax is imposed shall not affect the imposition or collection  
2 25 of the tax.  
2 26 Sec. 3. Section [422B.10](#), subsection 1, Code 1995, is  
2 27 amended to read as follows:  
2 28 1. The director shall credit the local sales and services  
2 29 tax receipts and interest and penalties from a county imposed  
2 30 tax to the county's account in the local sales and services  
2 31 tax fund and from a city imposed tax under section 422B.1,  
2 32 subsection 1A, to the city's account in the local sales and  
2 33 services tax fund. If the director is unable to determine  
2 34 from which county any of the receipts were collected, those  
2 35 receipts shall be allocated

~~amongst~~

- among the possible

3 1 counties based on allocation rules adopted by the director.  
3 2 Sec. 4. Section [422B.10](#), Code 1995, is amended by adding  
3 3 the following new subsection:  
3 4 NEW SUBSECTION. 4A. From each city's account, the percent  
3 5 of revenues agreed to be distributed to the county in the  
3 6 agreement entered into as provided in section 422B.1,  
3 7 subsection 1A, paragraph "a", subparagraph (3) and paragraph  
3 8 "c", shall be deposited into the appropriate county's account  
3 9 to be remitted as provided in subsections 3 and 4. The  
3 10 remaining revenues in the city's account shall be remitted to  
3 11 the city council. If a county does not have an account, its  
3 12 percent of the revenues shall be remitted directly to the  
3 13 county board of supervisors.  
3 14 Sec. 5. This Act, being deemed of immediate importance,  
3 15 takes effect upon enactment.

#### EXPLANATION

3 17 The bill authorizes a city which is located in two  
3 18 counties, but all of its residents are located in one county,  
3 19 to impose a city local sales and services tax in the county  
3 20 where none of its residents live. Present law only allows  
3 21 counties to impose the local sales and services tax and only  
3 22 in incorporated areas that have voted for the imposition.  
3 23 Therefore, the area of the city located in the county where no  
3 24 residents live could not under present law have the tax apply  
3 25 in its area.

3 26 The bill contains certain conditions and restrictions on  
3 27 the city imposed tax. These include imposing the tax only if  
3 28 the county has imposed the tax in the city area where all its  
3 29 residents live, agreeing to split the revenues equally with  
3 30 the county where no residents of the city live, the rate of  
3 31 tax and its effective date must be the same as for the county  
3 32 imposed tax, and any rate reduction, increase, or repeal for  
3 33 the county must also be done for the city tax.

3 34 The bill provides that a city cannot impose such a city  
3 35 local sales and services tax after January 1, 1998, but if one  
4 1 is imposed on or before that date, it may continue until such  
4 2 time as it is repealed.

4 3 The bill takes effect upon enactment.

4 4 LSB 1050SC 76

4 5 mg/jj/8