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SENATE FILE 108

BY BOETTGER

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

A BILL FOR

1 An Act relating to the imposition of a local option sales and
 2 services tax in cities located in more than one county and
 3 providing an effective date.

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

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SF 108
 WAYS & MEANS

1 Section 1. Section 422B.1, subsection 2, paragraphs a, b,
2 and e, Code 1999, are amended to read as follows:

3 a. A city whose corporate boundaries include areas of two
4 counties may impose by ordinance of its city council a local
5 sales and services tax if all of the following apply:

6 (1) ~~At~~ At least eighty-five percent of the residents of
7 the city live in one county.

8 (2) The county in which at least eighty-five percent of
9 the city residents reside has held an election on the question
10 of the imposition of a local sales and services tax and a
11 majority of those voting on the question in the city favored
12 its imposition.

13 (3) The city has entered into an agreement on the
14 distribution of the sales and services tax revenues collected
15 from the area where the city tax is imposed with the county
16 where such area is located.

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

20 (1) The tax shall only be imposed in the area of the city
21 located in the county where ~~none~~ not more than fifteen percent
22 of ~~its~~ the city's residents reside.

23 (2) The tax shall be at the same rate and become effective
24 at the same time as the county tax imposed in the other area
25 of the city or by October 1, 1999, whichever date is the
26 later.

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29 or repealed, and then the city-imposed tax shall also be
30 reduced or increased in rate or repealed in the same amount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

32 (4) The tax shall be imposed on the same basis as provided
33 in section 422B.8 and notification requirements in section
34 422B.9 apply.

35 (5) The city shall assist the department of revenue and

1 finance to identify the businesses in the area which are to
2 collect the city-imposed tax. The process shall be ongoing as
3 long as the city tax is imposed.

4 e. ~~A city is not authorized to impose a local sales and~~
5 ~~services tax under this subsection after January 17, 1998.~~ A
6 city that has imposed a local sales and services tax under
7 this subsection ~~on or before January 17, 1998,~~ may continue to
8 collect the tax until such time as the tax is repealed by the
9 city and the fact that that area acquires more than fifteen
10 percent of the city's residents after the tax is imposed shall
11 not affect the imposition or collection of the tax.

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

14 EXPLANATION

15 Under present law counties impose a local option sales and
16 services tax except in the case where a city is located in two
17 counties and all its residents reside in one county. Under
18 this circumstance the city may impose the tax in that area of
19 the city where no residents live if a county tax is imposed in
20 that part of the city where all its residents reside. This
21 bill changes the requirement that all of a city's residents
22 reside in one county to a requirement that at least 85 percent
23 of a city's residents reside in one county at the time of
24 imposition of the tax. Under present law, the city-imposed
25 tax must be imposed at the same time the county-imposed tax is
26 imposed. The bill changes this to allow a city to impose its
27 tax on the later of October 1, 1999, or the date when the
28 county tax is imposed. In addition, the bill eliminates the
29 sunset date under present law for which a city may impose a
30 local option tax.

31 The bill takes effect upon enactment.

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