

FEB 13 2001

WAYS AND MEANS

HOUSE FILE 240  
BY TEIG

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the local sales and services tax and its  
2 repeal and change in use of the tax revenues, repealing the  
3 authority to impose a local vehicle tax, and including an  
4 effective date.

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

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HF 240

1 Section 1. Section 422B.1, subsection 3, Code 2001, is  
2 amended to read as follows:

3 3. 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5 favors imposition and shall then be imposed until repealed as  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 ~~6~~-paragraph-"a" 9. ~~If the tax is a~~  
7 ~~local vehicle tax imposed by a county, it shall apply to all~~  
8 ~~incorporated and unincorporated areas of the county.~~ If the  
9 tax is a local sales and services tax imposed by a county, it  
10 shall only apply to those incorporated areas and the  
11 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 4, paragraph a, Code  
22 2001, is amended to read as follows:

23 a. A county board of supervisors shall direct within  
24 thirty days the county commissioner of elections to submit the  
25 question of imposition of ~~a local vehicle tax or~~ a local sales  
26 and services tax to the registered voters of the incorporated  
27 and unincorporated areas of the county upon receipt of a  
28 petition, requesting imposition of ~~a local vehicle tax or~~ a  
29 local sales and services tax, signed by eligible electors of  
30 the whole county equal in number to five percent of the  
31 persons in the whole county who voted at the last preceding  
32 state general election. ~~In the case of a local vehicle tax,~~  
33 ~~the petition requesting imposition shall specify the rate of~~  
34 ~~tax and the classes, if any, that are to be exempt. If more~~  
35 ~~than one valid petition is received, the earliest received~~

1 ~~petition shall be used:~~

2 Sec. 3. Section 422B.1, subsection 4, Code 2001, is  
3 amended by adding the following new paragraph:

4 NEW PARAGRAPH. c. If more than one petition or motion  
5 meeting the requirements of this subsection for holding an  
6 election on the imposition of a local option tax is received  
7 or adopted by the board of supervisors, the earliest received  
8 petition or adopted motion shall be used.

9 Sec. 4. Section 422B.1, subsection 5, Code 2001, is  
10 amended to read as follows:

11 5. The county commissioner of elections shall submit the  
12 question of imposition of a local option tax at a state  
13 general election or at a special election held at any time  
14 other than the time of a city regular election. The election  
15 shall not be held sooner than sixty days after publication of  
16 notice of the ballot proposition. The ballot proposition  
17 shall specify the ~~type and~~ rate of tax and ~~in the case of a~~  
18 ~~vehicle tax the classes that will be exempt and in the case of~~  
19 ~~a local sales and services tax~~ the date it will be imposed  
20 which date shall not be earlier than ninety days following the  
21 election. The ballot proposition shall also specify the  
22 approximate amount of local option tax revenues that will be  
23 used for property tax relief and shall contain a statement as  
24 to the specific ~~purpose or purposes~~ use or uses for which the  
25 revenues shall otherwise be expended. If the county board of  
26 supervisors ~~decides under subsection 6 to specify~~ or the  
27 petition specifies a date on which the local option sales and  
28 services tax shall automatically be repealed, the date of the  
29 repeal shall also be specified on the ballot. ~~The rate of the~~  
30 ~~vehicle tax shall be in increments of one dollar per vehicle~~  
31 ~~as set by the petition seeking to impose the tax.~~ The rate of  
32 a local sales and services tax shall not be more than one  
33 percent as set by the governing body. The state commissioner  
34 of elections shall establish by rule the form for the ballot  
35 proposition which form shall be uniform throughout the state.

1 If a conflict exists between the content of the petition  
2 containing the appropriate number of signatures, including  
3 revenue allocation and repeal date, and the directions  
4 provided to the commissioner of elections by the board of  
5 supervisors, the content of the ballot shall be substantially  
6 similar to the content of the petition.

7 Sec. 5. Section 422B.1, subsection 6, Code 2001, is  
8 amended to read as follows:

9 6. a. If a majority of those voting on the question of  
10 imposition of a local option tax ~~favor~~ favours imposition of a  
11 local option tax, the governing body of that county shall  
12 impose the tax at the rate specified for an unlimited period  
13 unless a date of repeal is specified on the ballot. The  
14 revenues from the local option tax shall be expended for the  
15 use and in the manner specified on the most recent ballot  
16 receiving approval of the incorporated or unincorporated area,  
17 as appropriate. However, in the case of a local sales and  
18 services tax, the county shall not impose the tax in any  
19 incorporated area or the unincorporated area if the majority  
20 of those voting on the tax in that area did not favor its  
21 imposition. For purposes of the local sales and services tax,  
22 all cities contiguous to each other shall be treated as part  
23 of one incorporated area and the tax shall be imposed in each  
24 of those contiguous cities only if the majority of those  
25 voting on the tax in the total area covered by the contiguous  
26 cities favored its imposition. ~~The local option tax may be~~  
27 ~~repealed or the rate increased or decreased or the use thereof~~  
28 ~~changed after an election at which a majority of those voting~~  
29 ~~on the question of repeal or rate or use change favored the~~  
30 ~~repeal or rate or use change. The date on which the repeal,~~  
31 ~~rate, or use change is to take effect shall not be earlier~~  
32 ~~than ninety days following the election. The election at~~  
33 ~~which the question of repeal or rate or use change is offered~~  
34 ~~shall be called and held in the same manner and under the same~~  
35 ~~conditions as provided in subsections 4 and 5 for the election~~

1 on-the-imposition-of-the-local-option-tax.--However, in the  
2 case-of-a-local-sales-and-services-tax-where-the-tax-has-not  
3 been-imposed-countywide, the-question-of-repeal-or-imposition  
4 or-rate-or-use-change-shall-be-voted-on-only-by-the-registered  
5 voters-of-the-areas-of-the-county-where-the-tax-has-been  
6 imposed-or-has-not-been-imposed, as-appropriate.--However, the  
7 governing-body-of-the-incorporated-area-or-unincorporated-area  
8 where-the-local-sales-and-services-tax-is-imposed-may, upon  
9 its-own-motion, request-the-county-commissioner-of-elections  
10 to-hold-an-election-in-the-incorporated-or-unincorporated  
11 area, as-appropriate, on-the-question-of-the-change-in-use-of  
12 local-sales-and-services-tax-revenues.--The-election-may-be  
13 held-at-any-time-but-not-sooner-than-sixty-days-following  
14 publication-of-the-ballot-proposition.--If-a-majority-of-those  
15 voting-in-the-incorporated-or-unincorporated-area-on-the  
16 change-in-use-favor-the-change, the-governing-body-of-that  
17 area-shall-change-the-use-to-which-the-revenues-shall-be-used.  
18 The-ballot-proposition-shall-list-the-present-use-of-the  
19 revenues, the-proposed-use, and-the-date-after-which-revenues  
20 received-will-be-used-for-the-new-use.

21 When-submitting-the-question-of-the-imposition-of-a-local  
22 sales-and-services-tax, the-county-board-of-supervisors-may  
23 direct-that-the-question-contain-a-provision-for-the-repeal,  
24 without-election, of-the-local-sales-and-services-tax-on-a  
25 specific-date, which-date-shall-be-as-provided-in-section  
26 422B:9, subsection-1.

27 b. Within ten days of the election at which a majority of  
28 those voting on the question favors the imposition, repeal, or  
29 change in the rate of a local option tax, the county auditor  
30 shall give written notice by sending a copy of the abstract of  
31 the votes from the favorable election to the director of  
32 revenue and finance or, in-the-case-of-a-local-vehicle-tax, to  
33 the-director-of-the-department-of-transportation, of the  
34 result of the election.

35 Sec. 6. Section 422B.1, subsection 7, unnumbered paragraph

1 1, Code 2001, is amended by striking the unnumbered paragraph.

2 Sec. 7. Section 422B.1, subsection 8, Code 2001, is  
3 amended to read as follows:

4 8. ~~Local-option-taxes~~ The local option tax authorized to  
5 be imposed as provided in this chapter ~~are~~ is a local sales  
6 and services tax ~~and-a-local-vehicle-tax~~. ~~The-rate-of-the-tax~~  
7 ~~shall-be-in-increments-of-one-dollar-per-vehicle-for-a-vehicle~~  
8 ~~tax-as-set-on-the-petition-seeking-to-impose-the-vehicle-tax~~.  
9 The rate of a local sales and services tax shall not be more  
10 than one percent as set by the governing body.

11 Sec. 8. Section 422B.1, subsection 9, Code 2001, is  
12 amended by striking the subsection and inserting in lieu  
13 thereof the following:

14 9. a. A local sales and services tax is repealed on the  
15 date specified on the ballot which imposed the tax. If the  
16 ballot proposition did not specify a date for the repeal, a  
17 local sales and services tax shall be repealed as provided in  
18 this subsection. The use of the revenues from a local sales  
19 and services tax may be changed as provided in this  
20 subsection.

21 b. The board of supervisors shall repeal the local sales  
22 and services tax in the unincorporated areas or in an  
23 incorporated area in which the tax has been imposed, thirty  
24 days after adoption by the board of supervisors of its own  
25 motion for repeal in the unincorporated areas or thirty days  
26 after receipt by the board of supervisors of a motion adopted  
27 by the governing body of that incorporated area requesting  
28 repeal, unless a petition containing the required number of  
29 signatures is received by the board of supervisors, within  
30 thirty days of the adoption or receipt of the motion for  
31 repeal, seeking an election on the approval or disapproval of  
32 the repeal of the local sales and services tax. The petition  
33 shall be signed by eligible electors of the unincorporated or  
34 incorporated area of the county where the tax is to be  
35 repealed equal in number to five percent of the persons in the

1 unincorporated or incorporated area of the county where the  
2 tax is to be repealed who voted at the last preceding state  
3 general election. Upon receipt of a petition seeking an  
4 election on the question of repeal, the board of supervisors  
5 or governing body of the incorporated area shall, within  
6 thirty days following receipt of the petition, either rescind  
7 its action to repeal or direct the county commissioner of  
8 elections to submit the question of approval or disapproval of  
9 the repeal of the tax to the registered voters of the area  
10 where the tax is to be repealed. The board of supervisors  
11 shall repeal the local sales and services tax effective as  
12 provided in section 422B.9, subsection 1, following the  
13 expiration of the thirty days allowed for submission of a  
14 petition after the board of supervisors adopted the repeal  
15 motion or the motion for repeal was received. If the question  
16 of repeal is submitted to the registered voters, the board of  
17 supervisors shall repeal the local sales and services tax as  
18 provided in section 422B.9, subsection 1, following a  
19 favorable election. For purposes of this subsection,  
20 incorporated area includes an incorporated city which is  
21 contiguous to another incorporated city.

22 c. The use of the local sales and services tax revenues  
23 may be changed as follows:

24 (1) The governing body of the incorporated area or the  
25 board of supervisors for the unincorporated area where the  
26 local sales and services tax is imposed may, upon its own  
27 motion, request the county commissioner of elections to hold  
28 an election in the incorporated or unincorporated area, as  
29 applicable, on the question of the change in use of local  
30 sales and services tax revenues. The county commissioner of  
31 elections shall submit the question on the approval or  
32 disapproval of change of use, as provided in this subsection  
33 and subsections 4 and 5 for the election on the imposition of  
34 the local sales and services tax, to the registered voters of  
35 the incorporated or unincorporated area, as applicable, where

1 the use of local sales and services tax revenues may be  
2 changed.

3 (2) A county board of supervisors shall direct the county  
4 commissioner of elections to submit the question of approval  
5 or disapproval of the change of use of local sales and  
6 services tax revenues to the registered voters of the  
7 incorporated or unincorporated areas, as applicable, of the  
8 county, within thirty days of the receipt of a petition  
9 requesting the change in use of local sales and services tax  
10 revenues, signed by eligible electors of the incorporated or  
11 unincorporated area of the county where the change in use is  
12 to occur equal in number to five percent of the persons in the  
13 incorporated or unincorporated area of the county where the  
14 change in use is to occur who voted at the last preceding  
15 state general election. The election shall be held as  
16 provided in this subsection and subsection 5 for the  
17 imposition of a local sales and services tax.

18 (3) The ballot proposition for a change in use shall list  
19 the present use of the revenues, the proposed use, and the  
20 date after which revenues received will be used for the  
21 proposed use. If a majority of those voting in the  
22 incorporated or unincorporated area on the change in use  
23 favors the change, the governing body of the incorporated or  
24 unincorporated area shall change the use of the local sales  
25 and services tax beginning with the fiscal year following the  
26 fiscal year in which the election approving the change in use  
27 occurred.

28 (4) If more than one petition or motion meeting the  
29 requirements of this subsection for holding an election on the  
30 change in use of a local sales and services tax is received or  
31 adopted by the board of supervisors, the earliest received  
32 petition or adopted motion shall be used.

33 (5) Notwithstanding subparagraph (3), the governing body  
34 of the incorporated or unincorporated area may change the use  
35 of the local sales and services tax beginning January 1 if a



1 majority of those voting in the incorporated or unincorporated  
2 area on the change in use favors the change, the governor has  
3 declared a state of emergency or disaster covering the  
4 incorporated or unincorporated area, and the change in use is  
5 for a capital project required as a result of the emergency or  
6 disaster.

7 Sec. 9. Section 422B.1, subsection 10, Code 2001, is  
8 amended to read as follows:

9 10. Notwithstanding subsection 9 or any other contrary  
10 provision of this chapter, a local ~~option~~ sales and services  
11 tax shall not be repealed, or reduced in rate, or its use  
12 changed and an election shall not be held on the question of  
13 repeal, rate reduction, or use change if obligations are  
14 outstanding which are payable as provided in section 422B.12,  
15 unless funds sufficient to pay the principal, interest, and  
16 premium, if any, on the outstanding obligations at and prior  
17 to maturity have been properly set aside and pledged for that  
18 purpose or unless the use change proposed is for that portion  
19 of tax revenues for which obligations payable as provided in  
20 section 422B.12 are not outstanding.

21 A governing body shall not incur obligations of its  
22 allocation under section 422B.10 or 422B.12 or obligate local  
23 sales and services tax revenues in any other manner before the  
24 imposition of the local option tax has been approved and shall  
25 not incur obligations or obligate revenues after receipt of a  
26 petition or motion requesting repeal or change in use of tax  
27 revenues until the question of repeal or change in use is  
28 defeated.

29 Sec. 10. Section 422B.9, subsection 1, paragraphs a and b,  
30 Code 2001, are amended to read as follows:

31 a. A local sales and services tax shall be imposed either  
32 ~~January 1~~ or July 1 following the notification of the director  
33 of revenue and finance but not sooner than ninety days  
34 following the favorable election.

35 b. A local sales and services tax shall be repealed only

1 on June 30 ~~or-December-31~~ but not sooner than ninety days  
2 following the favorable election if one is held. However, a  
3 local sales and services tax shall not be repealed before the  
4 tax has been in effect for one year. At least forty days  
5 before the imposition or repeal of the tax, a county shall  
6 provide notice of the action by certified mail to the director  
7 of revenue and finance.

8 Sec. 11. Sections 422B.2 through 422B.4, Code 2001, are  
9 repealed.

10 Sec. 12. EFFECTIVE DATE. This Act, being deemed of  
11 immediate importance, takes effect upon enactment.

12 EXPLANATION

13 This bill amends Code chapter 422B as it relates to local  
14 option taxes.

15 The bill provides that if there is a conflict between a  
16 petition for imposition of a local option tax and the  
17 directions provided by the board of supervisors to the  
18 commissioner of elections, the content of the ballot is to be  
19 substantially similar to the content of the petition.

20 The bill provides that revenues from a local option tax  
21 shall be expended in the manner specified on the most recent  
22 ballot that was approved in the incorporated or unincorporated  
23 area, as appropriate. In addition, the section strikes  
24 language relating to the manner and procedure for repealing,  
25 changing the rate, and changing the use of revenues of a local  
26 option tax.

27 The procedures for the repeal and change in use of a local  
28 sales and services tax are as follows:

29 1. If the ballot proposition which imposed the tax does  
30 not specify a repeal date, the board of supervisors shall  
31 repeal the tax upon its own motion for the unincorporated  
32 areas and upon receipt of a motion from the governing body of  
33 an incorporated area requesting the repeal. However, if a  
34 petition is received, within 30 days of the board of  
35 supervisors' motion or receipt of a motion from another

1 governing body, seeking an election on the question of repeal,  
2 the board of supervisors or the governing body may rescind its  
3 motion or shall direct the county commissioner of elections to  
4 hold an election on the question of the repeal of the tax.

5     2. The change in use of the revenues from the local sales  
6 and services tax is to be accomplished by means of an  
7 election. The election may be called by the board of  
8 supervisors for the unincorporated area or by the governing  
9 body of an incorporated area requesting the change in use.  
10 The board of supervisors shall call an election to submit the  
11 question of the change in use in the unincorporated area or  
12 incorporated area upon receipt of a petition requesting an  
13 election be held on the change in use for the area. The  
14 ballot for the change in use shall list the present use, the  
15 proposed use, and the date after which the revenues received  
16 will be used for the proposed use.

17     Any election held for the repeal or change in use requires  
18 a simple majority in favor to pass.

19     The bill provides that the date of imposition of a local  
20 sales and services tax is July 1 and the date of repeal is  
21 June 30.

22     The bill eliminates the authorization to enact a local  
23 vehicle tax and the bill contains provisions striking such  
24 references.

25     The bill takes effect upon enactment.

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