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SENATE FILE 2066
BY REDWINE

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

A BILL FOR

1 An Act relating to the automatic repeal of a local option sales
2 and services tax.

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

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SF 2066
WAYS & MEANS

1 Section 1. Section 422B.1, subsections 3, 5, 6, and 10,
2 Code 2001, are 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5 favors imposition and shall then be imposed until repealed as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 ~~67-paragraph-"a"~~. 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 5. The county commissioner of elections shall submit the
22 question of imposition of a local option tax at a state
23 general election or at a special election held at any time
24 other than the time of a city regular election. The election
25 shall not be held sooner than sixty days after publication of
26 notice of the ballot proposition. The ballot proposition
27 shall specify the type and rate of tax and in the case of a
28 vehicle tax the classes that will be exempt and in the case of
29 a local sales and services tax the date it will be imposed
30 which date shall not be earlier than ninety days following the
31 election. The ballot proposition shall also specify the
32 approximate amount of local option tax revenues that will be
33 used for property tax relief and shall contain a statement as
34 to the specific purpose or purposes for which the revenues
35 shall otherwise be expended. if The ballot proposition shall

1 also specify that the local sales and services tax shall
2 automatically be repealed after ten years. However, if the
3 county board of supervisors decides under subsection 6 to
4 specify a an earlier date on which the local option sales and
5 services tax shall automatically be repealed, the that date of
6 the repeal shall ~~also~~ be specified on the ballot. The rate of
7 the vehicle tax shall be in increments of one dollar per
8 vehicle as set by the petition seeking to impose the tax. The
9 rate of a local sales and services tax shall not be more than
10 one percent as set by the governing body. The state
11 commissioner of elections shall establish by rule the form for
12 the ballot proposition which form shall be uniform throughout
13 the state.

14 6. a. If a majority of those voting on the question of
15 imposition of a local option tax favors imposition of a local
16 option tax, the governing body of that county shall impose the
17 tax at the rate specified for an unlimited period, in the case
18 of a local vehicle tax, and for a period of not more than ten
19 years, in the case of a local sales and services tax.

20 However, in the case of a local sales and services tax, the
21 county shall not impose the tax in any incorporated area or
22 the unincorporated area if the majority of those voting on the
23 tax in that area did not favor its imposition. For purposes
24 of the local sales and services tax, all cities contiguous to
25 each other shall be treated as part of one incorporated area
26 and the tax shall be imposed in each of those contiguous
27 cities only if the majority of those voting on the tax in the
28 total area covered by the contiguous cities favored its
29 imposition. The local option tax may be repealed or the rate
30 increased or decreased or the use thereof changed after an
31 election at which a majority of those voting on the question
32 of repeal or rate or use change favored the repeal or rate or
33 use change. The date on which the repeal, rate, or use change
34 is to take effect shall not be earlier than ninety days
35 following the election. The election at which the question of

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

24 When submitting the question of the imposition of a local
25 sales and services tax, the county board of supervisors may
26 direct that the question contain a provision for the repeal,
27 without election, of the local sales and services tax on a
28 specific date, which date is earlier than the ten years
29 specified in paragraph "c" and which date shall be as provided
30 in section 422B.9, subsection 1.

31 b. Within ten days of the election at which a majority of
32 those voting on the question favors the imposition, repeal, or
33 change in the rate of a local option tax, the county auditor
34 shall give written notice by sending a copy of the abstract of
35 the votes from the favorable election to the director of

1 revenue and finance or, in the case of a local vehicle tax, to
2 the director of the department of transportation, of the
3 result of the election.

4 c. Unless earlier repealed as provided in paragraph "a" of
5 this subsection or subsection 9, a local sales and services
6 tax is repealed as follows:

7 (1) If the tax is initially imposed on or after July 1,
8 2002, the tax is repealed ten years following imposition.

9 (2) If the tax was initially imposed prior to July 1,
10 2002, the tax is repealed as follows:

11 (a) In those areas where obligations payable as provided
12 in section 422B.12 are not outstanding on July 1, 2002, the
13 tax is repealed June 30, 2011.

14 (b) In those areas where obligations payable as provided
15 in section 422B.12 are outstanding on July 1, 2002, the tax is
16 repealed on June 30, 2011, or, notwithstanding section 422B.9,
17 subsection 1, at the end of the first calendar quarter
18 following the date the obligations are paid, whichever is
19 later.

20 d. A tax may be extended beyond the applicable repeal date
21 in paragraph "c", if an election is held and the voters
22 approve the extension. The extended tax shall be
23 automatically repealed in ten years unless earlier repealed.
24 Any number of extensions are allowed.

25 10. Notwithstanding subsection 9 or any other contrary
26 provision of this chapter, a local option sales and services
27 tax shall not be repealed or reduced in rate if obligations
28 are outstanding which are payable as provided in section
29 422B.12, unless funds sufficient to pay the principal,
30 interest, and premium, if any, on the outstanding obligations
31 at and prior to maturity have been properly set aside and
32 pledged for that purpose. The restriction on repeals in this
33 subsection does not apply to the repeal provisions in
34 subsection 6, paragraph "c".

5 EXPLANATION

1 This bill provides for an automatic repeal of a local
2 option sales and services tax in 10 years if the tax is
3 initially imposed or extended on or after July 1, 2002. If a
4 tax is already imposed on July 1, 2002, then the tax is
5 repealed 10 years after July 1, 2002, in those areas with no
6 obligations outstanding which are payable from the tax
7 revenues. For those areas with such obligations outstanding,
8 the tax is repealed 10 years after July 1, 2002, or when the
9 obligations are paid, whichever is later. Taxes may be
10 successively extended beyond the repeal for up to another 10
11 years upon election at which the voters approve the extension.

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