

McKean, King, Kibbie

SSB 3087

SENATE FILE State Government

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL
BY CHAIRPERSON KING)

Succeeded By
SF MF 2287-

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the imposition of the local sales and services
2 tax by a county and including an effective and applicability
3 date provision.

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

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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5 favors imposition and shall then be imposed until repealed as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". 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 However, for elections held on or after April 1, 2002, on the
22 question of the imposition of a local sales and services tax,
23 the tax shall only be imposed if a majority of the total
24 number of those voting on the question favors the imposition
25 and the tax shall then be imposed and shall apply to all
26 incorporated and unincorporated areas of the county.

27 Sec. 2. Section 422B.1, subsection 6, paragraph a,
28 unnumbered paragraph 1, Code 2001, is amended to read as
29 follows:

30 If a majority of those voting on the question of imposition
31 of a local option tax favors imposition of a local option tax,
32 the governing body of that county shall impose the tax at the
33 rate specified for an unlimited period. However, in the case
34 of a local sales and services tax, the county shall not impose
35 the tax in any incorporated area or the unincorporated area if

1 the majority of those voting on the tax in that area did not
2 favor its imposition. For purposes of the local sales and
3 services tax, all cities contiguous to each other shall be
4 treated as part of one incorporated area and the tax shall be
5 imposed in each of those contiguous cities only if the
6 majority of those voting on the tax in the total area covered
7 by the contiguous cities favored its imposition. However, for
8 elections held on or after April 1, 2002, the local sales and
9 services tax shall only be imposed if a majority of the total
10 number of those voting on the question favors the imposition
11 and shall then be imposed and apply to all incorporated and
12 unincorporated areas of the county.

13 PARAGRAPH DIVIDED. The local option tax may be repealed or
14 the rate increased or decreased or the use thereof changed
15 after an election at which a majority of those voting on the
16 question of repeal or rate or use change favored the repeal or
17 rate or use change. The date on which the repeal, rate, or
18 use change is to take effect shall not be earlier than ninety
19 days following the election. The election at which the
20 question of repeal or rate or use change is offered shall be
21 called and held in the same manner and under the same
22 conditions as provided in subsections 4 and 5 for the election
23 on the imposition of the local option tax. However, in the
24 case of a local sales and services tax where the tax has not
25 been imposed countywide, the question of repeal or imposition
26 or rate or use change shall be voted on only by the registered
27 voters of the areas of the county where the tax has been
28 imposed or has not been imposed, as appropriate. The
29 imposition or repeal shall apply to all areas voting on the
30 imposition or repeal if a majority of the total number voting
31 on the question favors the imposition or repeal.

32 PARAGRAPH DIVIDED. ~~However,~~ the The governing body of the
33 incorporated area or unincorporated area where the local sales
34 and services tax is imposed may, upon its own motion, request
35 the county commissioner of elections to hold an election in

1 the incorporated or unincorporated area, as appropriate, on
2 the question of the change in use of local sales and services
3 tax revenues. The election may be held at any time but not
4 sooner than sixty days following publication of the ballot
5 proposition. If a majority of those voting in the
6 incorporated or unincorporated area on the change in use
7 favors the change, the governing body of that area shall
8 change the use to which the revenues shall be used. The
9 ballot proposition shall list the present use of the revenues,
10 the proposed use, and the date after which revenues received
11 will be used for the new use.

12 Sec. 3. Section 422B.1, subsection 9, Code 2001, is
13 amended by striking the subsection.

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

16 10. Notwithstanding ~~subsection-9-or~~ any other contrary
17 provision of this chapter, a local option sales and services
18 tax shall not be repealed or reduced in rate if obligations
19 are outstanding which are payable as provided in section
20 422B.12, unless funds sufficient to pay the principal,
21 interest, and premium, if any, on the outstanding obligations
22 at and prior to maturity have been properly set aside and
23 pledged for that purpose.

24 Sec. 5. Section 422B.1, Code 2001, is amended by adding
25 the following new subsection:

26 NEW SUBSECTION. 11. a. On or after April 1, 2002, a
27 local sales and services tax shall only be imposed or repealed
28 countywide. The tax shall be imposed or repealed after an
29 election at which a majority of the total number of those
30 voting on the question favors the imposition or repeal. The
31 tax shall then be imposed or repealed and shall apply to all
32 incorporated and unincorporated areas of the county.

33 b. If a county has in effect on April 1, 2002, a local
34 sales and services tax which is not imposed in all
35 incorporated or unincorporated areas, the county may continue

1 to impose the tax on a noncountywide basis. Paragraph "a"
2 does not apply to such a county until the tax has been
3 repealed by the county or the tax has been imposed countywide.

4 Sec. 6. Section 422B.8, unnumbered paragraph 1, Code
5 Supplement 2001, is amended to read as follows:

6 A local sales and services tax at the rate of not more than
7 one percent may be imposed by a county on the gross receipts
8 taxed by the state under chapter 422, division IV. A local
9 sales and services tax shall be imposed on the same basis as
10 the state sales and services tax or in the case of the use of
11 natural gas, natural gas service, electricity, or electric
12 service on the same basis as the state use tax and shall not
13 be imposed on the sale of any property or on any service not
14 taxed by the state, except the tax shall not be imposed on the
15 gross receipts from the sale of motor fuel or special fuel as
16 defined in chapter 452A which is consumed for highway use or
17 in watercraft or aircraft if the fuel tax is paid on the
18 transaction and a refund has not or will not be allowed, on
19 the gross receipts from the rental of rooms, apartments, or
20 sleeping quarters which are taxed under chapter 422A during
21 the period the hotel and motel tax is imposed, on the gross
22 receipts from the sale of equipment by the state department of
23 transportation, on the gross receipts from the sale of self-
24 propelled building equipment, pile drivers, motorized
25 scaffolding, or attachments customarily drawn or attached to
26 self-propelled building equipment, pile drivers, and motorized
27 scaffolding, including auxiliary attachments which improve the
28 performance, safety, operation, or efficiency of the equipment
29 and replacement parts and are directly and primarily used by
30 contractors, subcontractors, and builders for new
31 construction, reconstruction, alterations, expansion, or
32 remodeling of real property or structures, and on the gross
33 receipts from the sale of a lottery ticket or share in a
34 lottery game conducted pursuant to chapter 99E and except the
35 tax shall not be imposed on the gross receipts from the sale

1 or use of natural gas, natural gas service, electricity, or
2 electric service in a city or county where the gross receipts
3 from the sale of natural gas or electric energy are subject to
4 a franchise fee or user fee during the period the franchise or
5 user fee is imposed. A local sales and services tax is
6 applicable to transactions within those incorporated and
7 unincorporated areas of the county where it is imposed and
8 shall be collected by all persons required to collect state
9 gross receipts taxes. However, a person required to collect
10 state retail sales tax under chapter 422, division IV, is not
11 required to collect local sales and services tax on
12 transactions delivered within the area where the local sales
13 and services tax is imposed unless the person has physical
14 presence in that taxing area. ~~All-cities-contiguous-to-each~~
15 ~~other-shall-be-treated-as-part-of-one-incorporated-area-and~~
16 ~~the-tax-would-be-imposed-in-each-of-those-contiguous-cities~~
17 ~~only-if-the-majority-of-those-voting-in-the-total-area-covered~~
18 ~~by-the-contiguous-cities-favor-its-imposition.~~

19 Sec. 7. EFFECTIVE AND APPLICABILITY DATE. This Act takes
20 effect on April 1, 2002, and applies to elections for the
21 imposition or repeal of local sales and services taxes held on
22 or after that date.

23 EXPLANATION

24 This bill requires that the imposition of a local sales and
25 services tax be imposed and apply on a countywide basis.
26 Present law allows for the nonimposition of the tax in areas
27 of a county that have not voted in favor of the imposition.
28 The bill would allow counties that have imposed the tax on a
29 noncountywide basis to continue to impose the tax until
30 repealed or the tax becomes imposed countywide, after which
31 any election to repeal or impose the tax must be done on a
32 countywide basis.

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34 elections for the imposition or repeal of local sales and
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3/18/02 Returned to State Gov.

FILED FEB 25 2002

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(SUCCESSOR TO SSB 3087)

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