

Senate Study Bill 3087

Bill Text

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1 1 Section 1. Section [422B.1](#), subsection 3, Code 2001, is
1 2 amended to read as follows:
1 3 3. A local option tax shall be imposed only after an
1 4 election at which a majority of those voting on the question
1 5 favors imposition and shall then be imposed until repealed as
1 6 provided in subsection 6, paragraph "a". If the tax is a
1 7 local vehicle tax imposed by a county, it shall apply to all
1 8 incorporated and unincorporated areas of the county. If the
1 9 tax is a local sales and services tax imposed by a county, it
1 10 shall only apply to those incorporated areas and the
1 11 unincorporated area of that county in which a majority of
1 12 those voting in the area on the tax favors its imposition.
1 13 For purposes of the local sales and services tax, all cities
1 14 contiguous to each other shall be treated as part of one
1 15 incorporated area and the tax would be imposed in each of
1 16 those contiguous cities only if the majority of those voting
1 17 in the total area covered by the contiguous cities favors its
1 18 imposition. For purposes of the local sales and services tax,
1 19 a city is not contiguous to another city if the only road
1 20 access between the two cities is through another state.
1 21 However, for elections held on or after April 1, 2002, on the
1 22 question of the imposition of a local sales and services tax,
1 23 the tax shall only be imposed if a majority of the total
1 24 number of those voting on the question favors the imposition
1 25 and the tax shall then be imposed and shall apply to all
1 26 incorporated and unincorporated areas of the county.
1 27 Sec. 2. Section [422B.1](#), subsection 6, paragraph a,
1 28 unnumbered paragraph 1, Code 2001, is amended to read as
1 29 follows:
1 30 If a majority of those voting on the question of imposition
1 31 of a local option tax favors imposition of a local option tax,
1 32 the governing body of that county shall impose the tax at the
1 33 rate specified for an unlimited period. However, in the case
1 34 of a local sales and services tax, the county shall not impose
1 35 the tax in any incorporated area or the unincorporated area if
2 1 the majority of those voting on the tax in that area did not
2 2 favor its imposition. For purposes of the local sales and
2 3 services tax, all cities contiguous to each other shall be
2 4 treated as part of one incorporated area and the tax shall be
2 5 imposed in each of those contiguous cities only if the
2 6 majority of those voting on the tax in the total area covered
2 7 by the contiguous cities favored its imposition. However, for
2 8 elections held on or after April 1, 2002, the local sales and
2 9 services tax shall only be imposed if a majority of the total
2 10 number of those voting on the question favors the imposition
2 11 and shall then be imposed and apply to all incorporated and
2 12 unincorporated areas of the county.
2 13 PARAGRAPH DIVIDED. The local option tax may be repealed or
2 14 the rate increased or decreased or the use thereof changed
2 15 after an election at which a majority of those voting on the
2 16 question of repeal or rate or use change favored the repeal or
2 17 rate or use change. The date on which the repeal, rate, or
2 18 use change is to take effect shall not be earlier than ninety
2 19 days following the election. The election at which the
2 20 question of repeal or rate or use change is offered shall be
2 21 called and held in the same manner and under the same

2 22 conditions as provided in subsections 4 and 5 for the election
2 23 on the imposition of the local option tax. However, in the
2 24 case of a local sales and services tax where the tax has not
2 25 been imposed countywide, the question of repeal or imposition
2 26 or rate or use change shall be voted on only by the registered
2 27 voters of the areas of the county where the tax has been
2 28 imposed or has not been imposed, as appropriate. The
2 29 imposition or repeal shall apply to all areas voting on the
2 30 imposition or repeal if a majority of the total number voting
2 31 on the question favors the imposition or repeal.
2 32 PARAGRAPH DIVIDED.

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- The governing body of the
2 33 incorporated area or unincorporated area where the local sales
2 34 and services tax is imposed may, upon its own motion, request
2 35 the county commissioner of elections to hold an election in
3 1 the incorporated or unincorporated area, as appropriate, on
3 2 the question of the change in use of local sales and services
3 3 tax revenues. The election may be held at any time but not
3 4 sooner than sixty days following publication of the ballot
3 5 proposition. If a majority of those voting in the
3 6 incorporated or unincorporated area on the change in use
3 7 favors the change, the governing body of that area shall
3 8 change the use to which the revenues shall be used. The
3 9 ballot proposition shall list the present use of the revenues,
3 10 the proposed use, and the date after which revenues received
3 11 will be used for the new use.
3 12 Sec. 3. Section [422B.1](#), subsection 9, Code 2001, is
3 13 amended by striking the subsection.
3 14 Sec. 4. Section [422B.1](#), subsection 10, Code 2001, is
3 15 amended to read as follows:
3 16 10. Notwithstanding

~~subsection 9 or~~

- any other contrary
3 17 provision of this chapter, a local option sales and services
3 18 tax shall not be repealed or reduced in rate if obligations
3 19 are outstanding which are payable as provided in section
3 20 422B.12, unless funds sufficient to pay the principal,
3 21 interest, and premium, if any, on the outstanding obligations
3 22 at and prior to maturity have been properly set aside and
3 23 pledged for that purpose.
3 24 Sec. 5. Section [422B.1](#), Code 2001, is amended by adding
3 25 the following new subsection:
3 26 NEW SUBSECTION. 11. a. On or after April 1, 2002, a
3 27 local sales and services tax shall only be imposed or repealed
3 28 countywide. The tax shall be imposed or repealed after an
3 29 election at which a majority of the total number of those
3 30 voting on the question favors the imposition or repeal. The
3 31 tax shall then be imposed or repealed and shall apply to all
3 32 incorporated and unincorporated areas of the county.
3 33 b. If a county has in effect on April 1, 2002, a local
3 34 sales and services tax which is not imposed in all
3 35 incorporated or unincorporated areas, the county may continue
4 1 to impose the tax on a noncountywide basis. Paragraph "a"
4 2 does not apply to such a county until the tax has been
4 3 repealed by the county or the tax has been imposed countywide.
4 4 Sec. 6. Section [422B.8](#), unnumbered paragraph 1, Code
4 5 Supplement 2001, is amended to read as follows:
4 6 A local sales and services tax at the rate of not more than
4 7 one percent may be imposed by a county on the gross receipts
4 8 taxed by the state under chapter 422, division IV. A local
4 9 sales and services tax shall be imposed on the same basis as
4 10 the state sales and services tax or in the case of the use of
4 11 natural gas, natural gas service, electricity, or electric
4 12 service on the same basis as the state use tax and shall not

4 13 be imposed on the sale of any property or on any service not
4 14 taxed by the state, except the tax shall not be imposed on the
4 15 gross receipts from the sale of motor fuel or special fuel as
4 16 defined in chapter 452A which is consumed for highway use or
4 17 in watercraft or aircraft if the fuel tax is paid on the
4 18 transaction and a refund has not or will not be allowed, on
4 19 the gross receipts from the rental of rooms, apartments, or
4 20 sleeping quarters which are taxed under chapter 422A during
4 21 the period the hotel and motel tax is imposed, on the gross
4 22 receipts from the sale of equipment by the state department of
4 23 transportation, on the gross receipts from the sale of self-
4 24 propelled building equipment, pile drivers, motorized
4 25 scaffolding, or attachments customarily drawn or attached to
4 26 self-propelled building equipment, pile drivers, and motorized
4 27 scaffolding, including auxiliary attachments which improve the
4 28 performance, safety, operation, or efficiency of the equipment
4 29 and replacement parts and are directly and primarily used by
4 30 contractors, subcontractors, and builders for new
4 31 construction, reconstruction, alterations, expansion, or
4 32 remodeling of real property or structures, and on the gross
4 33 receipts from the sale of a lottery ticket or share in a
4 34 lottery game conducted pursuant to chapter 99E and except the
4 35 tax shall not be imposed on the gross receipts from the sale
5 1 or use of natural gas, natural gas service, electricity, or
5 2 electric service in a city or county where the gross receipts
5 3 from the sale of natural gas or electric energy are subject to
5 4 a franchise fee or user fee during the period the franchise or
5 5 user fee is imposed. A local sales and services tax is
5 6 applicable to transactions within those incorporated and
5 7 unincorporated areas of the county where it is imposed and
5 8 shall be collected by all persons required to collect state
5 9 gross receipts taxes. However, a person required to collect
5 10 state retail sales tax under chapter 422, division IV, is not
5 11 required to collect local sales and services tax on
5 12 transactions delivered within the area where the local sales
5 13 and services tax is imposed unless the person has physical
5 14 presence in that taxing area.

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~~other shall be treated as part of one incorporated area and~~

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~~the tax would be imposed in each of those contiguous cities~~

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~~only if the majority of those voting in the total area covered~~

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~~by the contiguous cities favor its imposition.~~

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5 19 Sec. 7. EFFECTIVE AND APPLICABILITY DATE. This Act takes
5 20 effect on April 1, 2002, and applies to elections for the
5 21 imposition or repeal of local sales and services taxes held on
5 22 or after that date.

5 23 EXPLANATION

5 24 This bill requires that the imposition of a local sales and
5 25 services tax be imposed and apply on a countywide basis.
5 26 Present law allows for the nonimposition of the tax in areas
5 27 of a county that have not voted in favor of the imposition.
5 28 The bill would allow counties that have imposed the tax on a
5 29 noncountywide basis to continue to impose the tax until

5 30 repealed or the tax becomes imposed countywide, after which
5 31 any election to repeal or impose the tax must be done on a
5 32 countywide basis.

5 33 The bill takes effect April 1, 2002, and applies to
5 34 elections for the imposition or repeal of local sales and
5 35 services taxes held on or after that date.

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