

FEB 18 2003
WAYS AND MEANS

HOUSE FILE 224
BY RAECKER

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

A BILL FOR

1 An Act relating to the automobile rental excise tax and making an
2 appropriation.

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

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HF 224

1 Section 1. Section 422C.3, subsection 1, Code 2003, is
2 amended to read as follows:

3 1. A tax of ~~five~~ six percent is imposed upon the rental
4 price of an automobile if the rental transaction is subject to
5 the sales and services tax under chapter 422, division IV, or
6 the use tax under chapter 423. The tax shall not be imposed
7 on any rental transaction not taxable under the state sales
8 and services tax, as provided in section 422.45, or the state
9 use tax, as provided in section 423.4, on automobile rental
10 receipts.

11 Sec. 2. Section 422C.5, Code 2003, is amended by striking
12 the section and inserting in lieu thereof the following:

13 422C.5 DEPOSIT OF REVENUE -- APPROPRIATION.

14 1. Five out of every six cents collected pursuant to the
15 tax under section 422C.3 shall be credited to the road use tax
16 fund created under section 312.1. The remaining one cent
17 shall be credited to the general fund of the state.

18 2. On July 1 of each year, there is appropriated from the
19 general fund of the state to the department of economic
20 development an amount equal to the total amount credited to
21 the general fund during the previous fiscal year pursuant to
22 subsection 1. Moneys appropriated to the department pursuant
23 to this subsection shall be used for tourism advertising
24 purposes.

25 EXPLANATION

26 This bill relates to the automobile rental excise tax and
27 makes a related appropriation to the department of economic
28 development.

29 The bill increases the excise tax on the rental of
30 automobiles from 5 percent of the rental price to 6 percent of
31 the rental price. Currently, all revenue from the excise tax
32 is credited to the road use tax fund. The bill provides that
33 the increase in the excise tax shall be credited to the
34 general fund of the state and, on July 1 of each year, the
35 moneys credited to the general fund from the increase in the

1 excise tax during the previous fiscal year are appropriated to
2 the department of economic development for purposes of tourism
3 advertising.

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