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SENATE FILE
BY HOUSER

335

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

A BILL FOR

1 An Act relating to a countywide hotel and motel tax by providing
2 for the imposition of the tax and the use of the revenues from
3 the tax.

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

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SF 335
WAYS & MEANS

1 Section 1. Section 422A.1, unnumbered paragraph 8, Code
2 2003, is amended to read as follows:

3 The tax levied shall be in addition to any state sales tax
4 imposed under section 422.43 or countywide lodging tax imposed
5 under section 422F.1. Section 422.25, subsection 4, sections
6 422.30, 422.48 to 422.52, 422.54 to 422.58, 422.67, 422.68,
7 422.69, subsection 1, and sections 422.70 to 422.75,
8 consistent with the provisions of this chapter, apply with
9 respect to the taxes authorized under this chapter, in the
10 same manner and with the same effect as if the hotel and motel
11 taxes were retail sales taxes within the meaning of those
12 statutes. Notwithstanding this paragraph, the director shall
13 provide for quarterly filing of returns as prescribed in
14 section 422.51 and for other than quarterly filing of returns
15 as prescribed in section 422.51, subsection 2. The director
16 may require all persons, as defined in section 422.42, who are
17 engaged in the business of deriving gross receipts subject to
18 tax under this chapter, to register with the department.

19 Sec. 2. Section 422B.8, unnumbered paragraph 1, Code 2003,
20 is amended to read as follows:

21 A local sales and services tax at the rate of not more than
22 one percent may be imposed by a county on the gross receipts
23 taxed by the state under chapter 422, division IV. A local
24 sales and services tax shall be imposed on the same basis as
25 the state sales and services tax or in the case of the use of
26 natural gas, natural gas service, electricity, or electric
27 service on the same basis as the state use tax and shall not
28 be imposed on the sale of any property or on any service not
29 taxed by the state, except the tax shall not be imposed on the
30 gross receipts from the sale of motor fuel or special fuel as
31 defined in chapter 452A which is consumed for highway use or
32 in watercraft or aircraft if the fuel tax is paid on the
33 transaction and a refund has not or will not be allowed, on
34 the gross receipts from the rental of rooms, apartments, or
35 sleeping quarters which are taxed under chapter 422A or

1 chapter 422F during the period the hotel and motel tax or
2 lodging tax is imposed, on the gross receipts from the sale of
3 equipment by the state department of transportation, on the
4 gross receipts from the sale of self-propelled building
5 equipment, pile drivers, motorized scaffolding, or attachments
6 customarily drawn or attached to self-propelled building
7 equipment, pile drivers, and motorized scaffolding, including
8 auxiliary attachments which improve the performance, safety,
9 operation, or efficiency of the equipment and replacement
10 parts and are directly and primarily used by contractors,
11 subcontractors, and builders for new construction,
12 reconstruction, alterations, expansion, or remodeling of real
13 property or structures, and on the gross receipts from the
14 sale of a lottery ticket or share in a lottery game conducted
15 pursuant to chapter 99E and except the tax shall not be
16 imposed on the gross receipts from the sale or use of natural
17 gas, natural gas service, electricity, or electric service in
18 a city or county where the gross receipts from the sale of
19 natural gas or electric energy are subject to a franchise fee
20 or user fee during the period the franchise or user fee is
21 imposed. A local sales and services tax is applicable to
22 transactions within those incorporated and unincorporated
23 areas of the county where it is imposed and shall be collected
24 by all persons required to collect state gross receipts taxes.
25 However, a person required to collect state retail sales tax
26 under chapter 422, division IV, is not required to collect
27 local sales and services tax on transactions delivered within
28 the area where the local sales and services tax is imposed
29 unless the person has physical presence in that taxing area.
30 All cities contiguous to each other shall be treated as part
31 of one incorporated area and the tax would be imposed in each
32 of those contiguous cities only if the majority of those
33 voting in the total area covered by the contiguous cities
34 favor its imposition.

35 Sec. 3. Section 422E.3, subsection 2, Code 2003, is

1 amended to read as follows:

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

35 Sec. 4. NEW SECTION. 422F.1 COUNTYWIDE LODGING TAX.

1 A county may impose by resolution of the board of
2 supervisors a countywide lodging tax, at a rate not to exceed
3 two percent, which shall be imposed in increments of one or
4 more full percentage points upon the gross receipts from the
5 renting of sleeping rooms, apartments, or sleeping quarters in
6 a hotel, motel, inn, public lodging house, rooming house,
7 manufactured or mobile home which is tangible personal
8 property, or tourist court, or in any place where sleeping
9 accommodations are furnished to transient guests for rent,
10 whether with or without meals; except the gross receipts from
11 the renting of sleeping rooms in dormitories and in memorial
12 unions at all universities and colleges located in the state
13 of Iowa and the guests of a religious institution if the
14 property is exempt under section 427.1, subsection 8, and the
15 purpose of renting is to provide a place for a religious
16 retreat or function and not a place for transient guests
17 generally. The tax when imposed by a county shall apply to
18 all incorporated and unincorporated areas within that county.
19 "Renting" and "rent" include any kind of direct or indirect
20 charge for such sleeping rooms, apartments, or sleeping
21 quarters, or their use. However, the tax does not apply to
22 the gross receipts from the renting of a sleeping room,
23 apartment, or sleeping quarters while rented by the same
24 person for a period of more than thirty-one consecutive days.

25 Within ten days of the election at which a majority of
26 those voting on the question favors the imposition, repeal, or
27 change in the rate of the countywide lodging tax, the county
28 auditor shall give written notice by sending a copy of the
29 abstract of votes from the favorable election to the director
30 of revenue and finance.

31 A countywide lodging tax shall be imposed on January 1,
32 April 1, July 1, or October 1, following the notification of
33 the director of revenue and finance. Once imposed, the tax
34 shall remain in effect at the rate imposed for a minimum of
35 one year. A countywide lodging tax shall terminate only on

1 March 31, June 30, September 30, or December 31. At least
2 forty-five days prior to the tax being effective or prior to a
3 revision in the tax rate, or prior to the repeal of the tax, a
4 county shall provide notice by mail of such action to the
5 director of revenue and finance.

6 A county shall impose a countywide lodging tax or increase
7 the tax rate only after an election at which a majority of
8 those voting on the question favors imposition or increase.
9 The election shall be held countywide and at the time of the
10 county's general election or at the time of a special
11 election.

12 The director of revenue and finance shall administer a
13 countywide lodging tax as nearly as possible in conjunction
14 with the administration of the state sales tax law. The
15 director shall provide appropriate forms, or provide on the
16 regular state tax forms, for reporting countywide lodging tax
17 liability. All moneys received or refunded one hundred eighty
18 days after the date on which a county terminates its
19 countywide lodging tax shall be deposited in or withdrawn from
20 the general fund of the state.

21 The director, in consultation with local officials, shall
22 collect and account for a countywide lodging tax and shall
23 credit all revenues to the countywide lodging tax fund created
24 in section 422F.2.

25 No tax permit other than the state tax permit required
26 under section 422.53 may be required by local authorities.

27 The tax levied shall be in addition to any state sales tax
28 imposed under section 422.43 or any local hotel and motel tax
29 imposed under section 422A.1. Section 422.25, subsection 4,
30 sections 422.30, 422.48 to 422.52, 422.54 to 422.58, 422.67,
31 422.68, 422.69, subsection 1, and sections 422.70 to 422.75,
32 consistent with the provisions of this chapter, apply with
33 respect to the taxes authorized under this chapter, in the
34 same manner and with the same effect as if the countywide
35 lodging taxes were retail sales taxes within the meaning of

1 those statutes. Notwithstanding this paragraph, the director
2 shall provide for quarterly filing of returns as prescribed in
3 section 422.51 and for other than quarterly filing of returns
4 as prescribed in section 422.51, subsection 2. The director
5 may require all persons, as defined in section 422.42, who are
6 engaged in the business of deriving gross receipts subject to
7 tax under this chapter, to register with the department.

8 Sec. 5. NEW SECTION. 422F.2 COUNTYWIDE LODGING TAX FUND
9 -- USE OF REVENUES.

10 1. A countywide lodging tax fund is created in the state
11 treasury under the control of the department of revenue and
12 finance which shall consist of all moneys credited to this
13 fund under section 422F.1.

14 2. a. All moneys in the countywide lodging tax fund shall
15 be remitted at least quarterly by the department of revenue
16 and finance, pursuant to rules of the director of revenue and
17 finance, to each county in the amount collected from
18 businesses in the incorporated and unincorporated areas of the
19 county.

20 b. Moneys received by the county from this fund shall be
21 credited to the special tourism fund of the county.

22 3. The special tourism fund shall be administered by a
23 five-member county tourism board consisting of a member of the
24 board of supervisors, an individual representing rural
25 interests, a representative of the tourist attraction industry
26 in the county, a representative of city interests, and an at-
27 large representative. Each member shall be a representative
28 of the county and shall serve at the pleasure of the board of
29 supervisors with a term of not more than three years.

30 4. Moneys in the special tourism fund shall only be used
31 to do any of the following:

32 a. Assist the county or a community within the county in
33 the development and creation of attractions and tourism
34 facilities.

35 b. Promote and advertise tourist attractions located in

1 the county.

2 c. Provide grants or loans to nonprofit organizations that
3 promote, advertise, or maintain tourist attractions or
4 facilities within the county.

5 EXPLANATION

6 Present law allows a city or county to impose a local hotel
7 and motel tax of up to 7 percent on the renting of lodging
8 rooms. The city tax applies to rooms located in the city and
9 the county tax applies only to those rooms located in areas
10 outside the cities. This bill allows a county to impose a 2
11 percent tax countywide. The tax would only be imposed if a
12 majority of those voting on the question of imposition at a
13 countywide election votes in favor of the imposition. The
14 moneys from the tax would be administered by a five-member
15 tourism board that may only spend the moneys for development
16 and creation of attractions and tourism facilities; for
17 promoting and advertising tourist attractions; or for
18 providing grants or loans to nonprofit organizations that
19 promote, advertise, or maintain tourist attractions or
20 facilities.

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