

FEB 9 2005
WAYS AND MEANS

HOUSE FILE 251
BY RAECKER

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

A BILL FOR

1 An Act relating to the increase in the automobile rental excise
2 tax and appropriating the increased tax revenues and including
3 an applicability date provision.

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

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1 Section 1. Section 423C.3, subsection 1, Code 2005, 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 423, subchapter II,
6 or the use tax under chapter 423, subchapter III. The tax
7 shall not be imposed on any rental transaction not taxable
8 under the state sales and services tax, as provided in section
9 423.3, or the state use tax, as provided in section 423.6, on
10 automobile rental receipts.

11 Sec. 2. Section 423C.5, Code 2005, is amended by striking
12 the section and inserting in lieu thereof the following:

13 423C.5 DEPOSIT OF REVENUE -- APPROPRIATIONS.

14 1. The revenue arising from the operation of this chapter
15 shall be credited as follows:

16 a. Five-sixths of the revenues shall be credited to the
17 road use tax fund.

18 b. One-sixth of the revenues shall be credited to a
19 special account in the state treasury under the control of the
20 department of economic development.

21 2. The moneys credited to the special account pursuant to
22 subsection 1, paragraph "b", are appropriated to the
23 department of economic development for use by the department
24 for tourism marketing purposes.

25 Sec. 3. APPLICABILITY DATE. This Act applies to rental
26 transactions occurring on or after July 1, 2005.

27 EXPLANATION

28 This bill increases from 5 percent to 6 percent the excise
29 tax on the rental of automobiles for periods of 60 days or
30 less and appropriates the increased revenues to the department
31 of economic development for purposes of tourism marketing.

32 The bill applies to rental transactions occurring on or
33 after July 1, 2005.

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