

# House File 494 - Introduced

HOUSE FILE \_\_\_\_\_  
BY FORD

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the locally imposed hotel and motel tax by  
2 increasing the rate allowed and requiring local governments to  
3 comply with the Iowa targeted small business procurement Act  
4 in spending revenues from the tax.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 2757HH 82  
7 mg/cf/24

PAG LIN

1 1 Section 1. NEW SECTION. 423A.4A ADDITIONAL LOCAL HOTEL  
1 2 AND MOTEL TAX.  
1 3 Notwithstanding the requirement in section 423A.4 that a  
1 4 city or county shall only impose a hotel and motel tax after a  
1 5 favorable election, a city or county that has imposed,  
1 6 pursuant to section 423A.4, a hotel and motel tax at the  
1 7 maximum rate of seven percent may impose an additional tax at  
1 8 the rate of two percent without an election. To impose this  
1 9 additional tax, the governing body of the city or county shall  
1 10 provide notice of its intention at least sixty days prior to  
1 11 the imposition of the tax by ordinance of the city council or  
1 12 by resolution of the board of supervisors. The additional tax  
1 13 shall be imposed on January 1 or July 1 following notification  
1 14 of the director of revenue. The additional tax shall be  
1 15 repealed at the same time the seven percent hotel and motel  
1 16 tax imposed pursuant to section 423A.4 is repealed or reduced  
1 17 in rate.  
1 18 Sec. 2. Section 423A.7, Code 2007, is amended by adding  
1 19 the following new subsection:  
1 20 NEW SUBSECTION. 5. In expending revenue derived from the  
1 21 local hotel and motel tax, a city or county shall comply, to  
1 22 the extent possible, with the Iowa targeted small business  
1 23 procurement Act pursuant to sections 73.15 through 73.21.  
1 24 EXPLANATION  
1 25 This bill authorizes a city or county that has imposed,  
1 26 after favorable election, a local hotel and motel tax at the  
1 27 maximum rate of 7 percent to impose an additional 2 percent  
1 28 without holding an election. This additional tax is repealed  
1 29 when the original 7 percent tax is repealed or reduced.  
1 30 The bill also directs the city or county when spending  
1 31 revenue derived from the local hotel and motel tax to comply  
1 32 with the Iowa targeted small business procurement Act. A  
1 33 targeted small business is a business located in the state  
1 34 that is 51 percent owned, operated, and actively managed by  
1 35 women, minorities, or disabled persons and has annual gross  
2 1 income of less than \$3 million computed as an average of the  
2 2 three previous years.  
2 3 LSB 2757HH 82  
2 4 mg:nh/cf/24