

House Study Bill 303

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SHOMSHOR)

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

A BILL FOR

1 An Act imposing a satellite video services equalization tax, and
2 providing effective and retroactive applicability dates.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2269YC 82
5 rn/es/88

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1 1 Section 1. NEW SECTION. 423F.1 SHORT TITLE.
1 2 This chapter may be cited as the "Satellite Video Services
1 3 Equalization Tax".
1 4 Sec. 2. NEW SECTION. 423F.2 PURPOSE. It is the purpose
1 5 of this Act to provide municipalities and video service
1 6 providers equity between franchise fees charged to cable
1 7 service providers and satellite delivered video services.
1 8 Sec. 3. NEW SECTION. 423F.3 SATELLITE VIDEO SERVICES
1 9 EQUALIZATION TAX.
1 10 1. Subject to subsection 2, a satellite video services
1 11 equalization tax of five percent is imposed upon the gross
1 12 revenue received by a company providing satellite video
1 13 services in this state in a calendar year. The tax shall be
1 14 remitted to the department of revenue with tax return forms
1 15 prescribed by the director of revenue by April 1 following the
1 16 end of a calendar year. Estimated tax payments of eighty
1 17 percent of revenue received during each calendar quarter shall
1 18 be remitted on a quarterly return, which is due by the end of
1 19 the month following the calendar quarter, with any shortfall
1 20 remitted with the return filed for the calendar year.
1 21 However, for the 2007 calendar year the first estimated
1 22 payment shall be due by July 31, 2007.
1 23 2. If the municipal franchise fee imposed is less than
1 24 five percent, the rate of the satellite video services
1 25 equalization tax under subsection 1 shall be reduced to an
1 26 amount equal to the franchise fee collected by the
1 27 municipality. The municipality shall certify to the
1 28 department the collection of a cable franchise fee of less
1 29 than five percent of gross revenue.
1 30 3. For purposes of this chapter:
1 31 a. "Department" means the department of revenue.
1 32 b. "Gross revenue" means revenue collected or received by
1 33 a satellite video services provider as defined by the
1 34 department by rule. In defining gross revenue, the department
1 35 shall attempt to provide equity with the definition of gross
2 1 revenue applicable to a cable services provider operating
2 2 within a municipality that is subject to a franchise fee
2 3 imposed by the municipality. Gross revenue shall not include
2 4 revenue not actually received, even if billed.
2 5 c. "Municipality" means a city, county, or township.
2 6 Sec. 4. NEW SECTION. 423F.4 ADMINISTRATION.
2 7 The satellite video services equalization tax shall be
2 8 imposed for calendar years beginning on or after January 1,
2 9 2007. The director of revenue shall administer the tax as
2 10 nearly as possible in conjunction with the administration of
2 11 state income tax laws. All powers and requirements of the
2 12 director in administering the state income tax law apply to
2 13 the administration of the satellite video services
2 14 equalization tax including but not limited to the provisions
2 15 of sections 422.4, 422.20 to 422.31, 422.68, 422.70, and
2 16 422.72 to 422.75.
2 17 The director shall collect and account for the satellite
2 18 video services equalization tax and any interest and

2 19 penalties. The director shall credit satellite video services
2 20 equalization tax receipts and any interest and penalties
2 21 collected from returns filed on or before November 1 of the
2 22 calendar year following the tax year for which the tax is
2 23 imposed to a satellite video services equalization tax fund
2 24 which shall be established in the department of revenue. All
2 25 satellite video services equalization tax receipts and any
2 26 interest and penalties received or refunded from returns filed
2 27 after November 1 of the calendar year following the tax year
2 28 for which the entertainment tax is imposed shall be deposited
2 29 in or withdrawn from the general fund of the state and shall
2 30 be considered part of the cost of administering the tax.

2 31 Sec. 5. NEW SECTION. 423F.5 PAYMENT TO MUNICIPALITIES ==
2 32 RETENTION BY STATE.

2 33 The revenues arising from the operation of this chapter
2 34 shall be distributed as follows:

2 35 1. One-fourth of the annual revenues shall be retained by
3 1 the state and deposited into the general fund of the state.

3 2 2. Three-fourths of the annual revenues shall be remitted
3 3 from the satellite video services equalization tax fund to
3 4 each municipality based upon the ratio that the amount of
3 5 satellite video services equalization tax collected in the
3 6 municipality is to the total amount of tax collected in all
3 7 municipalities.

3 8 On or before December 15, the director of revenue shall
3 9 make an accounting of the satellite video services
3 10 equalization tax receipts and any interest and penalties
3 11 collected from returns filed on or before November 1 and shall
3 12 certify to the treasurer of state the amount collected. The
3 13 treasurer of state shall remit within fifteen days of the
3 14 certification by the director to each municipality the amount
3 15 in the satellite video services equalization tax fund.

3 16 Sec. 6. EFFECTIVE AND RETROACTIVE APPLICABILITY. This
3 17 Act, being deemed of immediate importance, takes effect upon
3 18 enactment and applies retroactively to January 1, 2007.

3 19 EXPLANATION

3 20 This bill establishes a satellite video services
3 21 equalization tax on the gross revenue, as defined in the bill,
3 22 received by a company providing satellite video services in
3 23 this state in a calendar year.

3 24 The tax imposed is equal to 5 percent of gross revenue,
3 25 unless a municipal franchise fee is imposed by a municipality
3 26 in which the company is providing satellite video services at
3 27 a rate lower than 5 percent, in which case the tax rate shall
3 28 correspond to the franchise fee rate. The tax shall be
3 29 imposed for calendar years beginning on or after January 1,
3 30 2007. Estimated payments shall be remitted on a quarterly
3 31 basis pursuant to procedures specified in the bill. The bill
3 32 provides that the director of revenue shall administer the tax
3 33 as nearly as possible in conjunction with the administration
3 34 of state income tax laws, and that all powers and requirements
3 35 of the director of revenue in administering the state income
4 1 tax law apply to the administration of the satellite video
4 2 services equalization tax.

4 3 The bill specifies procedures for collection and deposit of
4 4 tax receipts, and provides that one-fourth of the annual
4 5 revenues derived from the tax shall be retained by the state
4 6 and deposited into the general fund of the state, and
4 7 three-fourths of the revenues shall be remitted to each
4 8 municipality based upon the ratio that the amount of satellite
4 9 video services equalization tax collected in the municipality
4 10 is to the total amount of tax collected in all municipalities.

4 11 The bill takes effect upon enactment, and applies
4 12 retroactively to January 1, 2007.

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