

Senate File 390 - Introduced

SENATE FILE _____
BY McCOY

(COMPANION TO LSB 2269HH
BY SHOMSHOR)

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

A BILL FOR

1 An Act imposing a satellite and cable system entertainment tax,
2 and providing effective and retroactive applicability dates.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2269SS 82
5 rn/je/5

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1 1 Section 1. NEW SECTION. 423F.1 SHORT TITLE.
1 2 This chapter may be cited as the "Satellite and Cable
1 3 System Entertainment Tax".
1 4 Sec. 2. NEW SECTION. 423F.2 DEFINITIONS.
1 5 For purposes of this chapter, unless the context otherwise
1 6 requires:
1 7 1. "Grantee" means a satellite or cable television company
1 8 granted a satellite or cable franchise for the provision of
1 9 satellite or cable television services.
1 10 2. "Grantor" means a city or municipal corporation
1 11 granting a satellite or cable franchise.
1 12 3. "Gross revenues" means revenues received by a grantee
1 13 from the operation of a satellite or cable system to provide
1 14 satellite or cable service in the service area. "Gross
1 15 revenues" does not include any fees or franchise fees or taxes
1 16 which are imposed directly or indirectly on a subscriber of a
1 17 satellite or cable system by any governmental unit or agency,
1 18 and which are collected by the grantee on behalf of such
1 19 governmental unit or agency.
1 20 4. "Satellite or cable system" means a franchise granted
1 21 by a city or a municipal corporation pursuant to section 364.2
1 22 to a satellite or cable television company for the provision
1 23 of satellite or cable television services.
1 24 Sec. 3. NEW SECTION. 423F.3 TAX ON SATELLITE OR CABLE
1 25 SYSTEMS.
1 26 1. An entertainment tax of five percent is imposed upon
1 27 the gross revenues received by a grantee in a calendar year.
1 28 The tax shall be remitted to the department of revenue with
1 29 tax return forms prescribed by the director of revenue by the
1 30 end of April following the calendar year for which the tax is
1 31 imposed.
1 32 Sec. 4. NEW SECTION. 423F.4 ADMINISTRATION.
1 33 The entertainment tax shall be imposed for calendar years
1 34 beginning on or after January 1, 2007. The director of
1 35 revenue shall administer the tax as nearly as possible in
2 1 conjunction with the administration of state income tax laws.
2 2 All powers and requirements of the director in administering
2 3 the state income tax law apply to the administration of the
2 4 entertainment tax including but not limited to the provisions
2 5 of sections 422.4, 422.20 to 422.31, 422.68, 422.70, and
2 6 422.72 to 422.75.
2 7 The director shall collect and account for the
2 8 entertainment tax and any interest and penalties. The
2 9 director shall credit entertainment tax receipts and any
2 10 interest and penalties collected from returns filed on or
2 11 before November 1 of the calendar year following the tax year
2 12 for which the tax is imposed to an entertainment tax fund
2 13 which established in the department of revenue. All
2 14 entertainment tax receipts and any interest and penalties
2 15 received or refunded from returns filed after November 1 of
2 16 the calendar year following the tax year for which the
2 17 entertainment tax is imposed shall be deposited in or

2 18 withdrawn from the general fund of the state and shall be
2 19 considered part of the cost of administering the tax.

2 20 Sec. 5. NEW SECTION. 423F.5 PAYMENT TO GRANTORS ==
2 21 RETENTION BY STATE.

2 22 The revenues arising from the operation of this chapter
2 23 shall be distributed as follows:

2 24 1. One-fourth of the annual revenues shall be retained by
2 25 the state and deposited into the general fund of the state.

2 26 2. Three-fourths of the annual revenues shall be remitted
2 27 from the entertainment tax fund to each grantor based upon the
2 28 ratio that the amount of entertainment tax collected in the
2 29 grantor's service area is to the total amount of tax collected
2 30 in all service areas of all grantors.

2 31 On or before December 15, the director of revenue shall
2 32 make an accounting of the entertainment tax receipts and any
2 33 interest and penalties collected from returns filed on or
2 34 before November 1 and shall certify to the treasurer of state
2 35 the amount collected. The treasurer of state shall remit
3 1 within fifteen days of the certification by the director to
3 2 each grantor the amount in the entertainment tax fund
3 3 collected as a result of grantee gross revenues in the service
3 4 area of the grantor.

3 5 Sec. 6. EFFECTIVE AND RETROACTIVE APPLICABILITY. This
3 6 Act, being deemed of immediate importance, takes effect upon
3 7 enactment and applies retroactively to January 1, 2007.

3 8 EXPLANATION

3 9 This bill establishes a satellite and cable system
3 10 entertainment tax on the gross revenues, as defined in the
3 11 bill, of a satellite or cable system company granted a
3 12 franchise by a city or a municipal corporation for the
3 13 provision of satellite or cable television services.

3 14 The entertainment tax shall be equal to 5 percent of the
3 15 gross revenues received in a calendar year, and shall be
3 16 imposed for calendar years beginning on or after January 1,
3 17 2007. The bill provides that the director of revenue shall
3 18 administer the tax as nearly as possible in conjunction with
3 19 the administration of state income tax laws, and that all
3 20 powers and requirements of the director of revenue in
3 21 administering the state income tax law apply to the
3 22 administration of the entertainment tax.

3 23 The bill specifies procedures for collection and deposit of
3 24 entertainment tax receipts by the director, and provides that
3 25 one-fourth of the annual revenues derived from the tax shall
3 26 be retained by the state and deposited into the general fund
3 27 of the state, and three-fourths of the revenues shall be
3 28 remitted to each city or municipal corporation granting a
3 29 franchise based upon the ratio that the amount of
3 30 entertainment tax collected in the city's or municipal
3 31 corporation's service area is to the total amount of tax
3 32 collected in all service areas of all cities or municipal
3 33 corporations granting a franchise.

3 34 The bill takes effect upon enactment, and applies
3 35 retroactively to January 1, 2007.

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