

**House Study Bill 737 - Introduced**

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

**A BILL FOR**

1 An Act increasing the maximum allowable local hotel and motel  
2 tax rate and requiring public participation relating to the  
3 use of certain local hotel and motel tax revenues.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423A.4, subsections 1 and 3, Code 2009,  
2 are amended to read as follows:

3 1. A city ~~or county~~ may impose by ordinance of the city  
4 council ~~or by resolution of the board of supervisors~~ a hotel  
5 and motel tax, at a rate not to exceed ~~seven~~ nine percent,  
6 which shall be imposed in increments of one or more full  
7 percentage points upon the sales price from the renting of  
8 lodging. A county may impose by resolution of the board of  
9 supervisors a hotel and motel tax, at a rate not to exceed  
10 eight percent, which shall be imposed in increments of one  
11 or more full percentage points upon the sales price from the  
12 renting of lodging. The tax when imposed by a city shall apply  
13 only within the corporate boundaries of that city and when  
14 imposed by a county shall apply only outside incorporated areas  
15 within that county.

16 3. A Subject to the requirements of subsection 5, a local  
17 hotel and motel tax shall be imposed on January 1 or July 1,  
18 following the notification of the director of revenue. Once  
19 imposed, the tax shall remain in effect at the rate imposed  
20 for a minimum of one year. A local hotel and motel tax shall  
21 terminate only on June 30 or December 31. At least forty-five  
22 days prior to the tax being effective or prior to a revision in  
23 the tax rate or prior to the repeal of the tax, a city or county  
24 shall provide notice by mail of such action to the director of  
25 revenue. The director shall have the authority to waive the  
26 notice requirement.

27 Sec. 2. Section 423A.4, Code 2009, is amended by adding the  
28 following new subsection:

29 NEW SUBSECTION. 5. a. For any imposition of a local hotel  
30 and motel tax, or any increase in the rate of a local hotel and  
31 motel tax, approved at election on or after the effective date  
32 of this Act, the city council or county board of supervisors  
33 where the tax or the tax rate increase was approved shall,  
34 within ten days following approval at election, appoint a  
35 citizen advisory committee consisting of not less than five

1 individuals. Each individual appointed to the citizen advisory  
2 committee shall be a resident of the city or the unincorporated  
3 area of the county where the tax or the tax rate increase was  
4 approved. A vacancy on the citizen advisory committee shall  
5 be filled in the same manner as the original appointment.  
6 Committee members shall not receive compensation by reason of  
7 their membership on the committee.

8 *b.* The citizen advisory committee shall develop and  
9 submit recommendations to the city council or county board  
10 of supervisors, as applicable, relating to the use of the  
11 increased revenues resulting from the imposition of the tax or  
12 the increased tax rate. Recommendations for the use of such  
13 increased revenues shall be consistent with the requirements  
14 of section 423A.7, subsection 4. The recommendations of the  
15 citizen advisory committee shall not relieve the city or county  
16 from compliance with the requirements of section 423A.7,  
17 subsection 4.

18 *c.* If a city or county fails to appoint a citizen advisory  
19 committee as required under this subsection, the director of  
20 revenue shall not impose the tax, or the increase in the tax  
21 rate, notwithstanding subsection 3. The director of revenue  
22 shall only impose the tax, or an increase in the tax rate,  
23 approved on or after the effective date of this Act on January  
24 1 or July 1, following the appointment of a citizen advisory  
25 committee.

26 *d.* The citizen advisory committee shall be dissolved on  
27 the date the tax or the increased tax rate is imposed by the  
28 director of revenue.

29 EXPLANATION

30 Current Code section 423A.4 authorizes a city or county to  
31 impose by ordinance of the city council or by resolution of  
32 the county board of supervisors a local hotel and motel tax  
33 at a rate not to exceed 7 percent. The imposition, repeal,  
34 or change in the rate of a local hotel and motel tax is also  
35 subject to approval at election. This bill increases the

1 maximum allowable local hotel and motel tax rate for cities  
2 from 7 percent to 9 percent. The bill increases the maximum  
3 allowable local hotel and motel tax rate for counties from 7  
4 percent to 8 percent.

5 The bill provides that for any imposition of a local hotel  
6 and motel tax, or any increase in the rate of a local hotel and  
7 motel tax, approved at election on or after the effective date  
8 of the bill, the city council or county board of supervisors  
9 where the tax or the tax rate increase was approved must,  
10 within 10 days following approval at election, appoint a  
11 citizen advisory committee consisting of not less than five  
12 individuals. The bill requires each individual appointed to  
13 a citizen advisory committee to be a resident of the city or  
14 the unincorporated area of the county where the tax or the tax  
15 rate increase was approved. Vacancies on a citizen advisory  
16 committee must be filled in the same manner as the original  
17 appointment. Committee members do not receive compensation for  
18 serving on the committee.

19 The bill requires each citizen advisory committee to develop  
20 and submit recommendations to the city council or county board  
21 of supervisors, as applicable, relating to the use of the  
22 increased revenues resulting from the imposition of the tax  
23 or the increased tax rate. Such recommendations for the use  
24 of the increased revenues must be consistent with statutory  
25 requirements for the use of local hotel and motel tax revenues  
26 under Code section 423A.7. Recommendations of the citizen  
27 advisory committee do not relieve the city or county from  
28 complying with the statutory use requirements under Code  
29 section 423A.7.

30 Under the bill, if a city or county fails to appoint a  
31 citizen advisory committee, the director of revenue shall not  
32 impose the tax or the increase in the tax rate. The bill only  
33 allows the director of revenue to impose the tax or an increase  
34 in the tax rate following the appointment of a citizen advisory  
35 committee. The bill provides that each citizen advisory

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1 committee is dissolved on the date the tax or the increased tax  
2 rate is imposed by the director of revenue.