

House File 609 - Introduced

HOUSE FILE 609

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 186)

A BILL FOR

1 An Act providing for the imposition of the local hotel and
2 motel tax by a land use district.

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

1 Section 1. Section 303.52, Code 2017, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 3A. *a.* The board of trustees may by
4 ordinance impose a hotel and motel tax in accordance with
5 chapter 423A.

6 *b.* All revenues derived from imposition of the hotel and
7 motel tax shall be spent exclusively on the acquisition of
8 sites for, or constructing, improving, enlarging, equipping,
9 repairing, operating, or maintaining of recreation, convention,
10 cultural, or entertainment facilities including but not limited
11 to memorial buildings, halls and monuments, civic center
12 convention buildings, auditoriums, coliseums, and parking
13 areas or facilities located at those recreation, convention,
14 cultural, or entertainment facilities, or for the promotion and
15 encouragement of tourist and convention business in the land
16 use district and surrounding areas.

17 Sec. 2. Section 423A.4, Code 2017, is amended to read as
18 follows:

19 **423A.4 Locally imposed hotel and motel tax.**

20 1. A city ~~or~~, a county, or a land use district created under
21 chapter 303, subchapter IV, may impose, by ordinance of the
22 city council or by resolution of the board of supervisors or
23 by ordinance of the board of trustees, a hotel and motel tax,
24 at a rate not to exceed seven percent, which shall be imposed
25 in increments of one or more full percentage points upon the
26 sales price from the renting of lodging. The tax when imposed
27 by a city shall apply only within the corporate boundaries
28 of that city, ~~and~~ when imposed by a county shall apply only
29 outside incorporated areas within that county, and when imposed
30 by a land use district shall apply only within the corporate
31 boundaries of that district. A hotel and motel tax imposed
32 by a city or county shall not be imposed within the corporate
33 boundaries of a land use district during any period of time
34 that the land use district is imposing a hotel and motel tax.

35 2. Within ten days of the election at which a majority of

1 those voting on the question favors the imposition, repeal,
2 or change in the rate of the hotel and motel tax, the county
3 auditor shall give written notice by sending a copy of the
4 abstract of votes from the favorable election to the director
5 of revenue.

6 3. A local hotel and motel tax shall be imposed on January
7 1 or July 1, following the notification of the director of
8 revenue. Once imposed, the tax shall remain in effect at the
9 rate imposed for a minimum of one year. A local hotel and motel
10 tax shall terminate only on June 30 or December 31. At least
11 forty-five days prior to the tax being effective or prior to a
12 revision in the tax rate or prior to the repeal of the tax, a
13 city, ~~or~~ county, or land use district shall provide notice by
14 mail of such action to the director of revenue. The director
15 shall have the authority to waive the notice requirement.

16 4. a. A city, ~~or~~ county, or land use district shall impose
17 or repeal a hotel and motel tax or increase or reduce the tax
18 rate only after an election at which a majority of those voting
19 on the question favors imposition, repeal, or change in rate.
20 However, a hotel and motel tax of a city or county shall not
21 be repealed or reduced in rate if obligations are outstanding
22 which are payable as provided in [section 423A.7](#), unless funds
23 sufficient to pay the principal, interest, and premium, if any,
24 on the outstanding obligations at and prior to maturity have
25 been properly set aside and pledged for that purpose.

26 b. If the tax applies only within the corporate boundaries
27 of a city, only the registered voters of the city shall be
28 permitted to vote. The election shall be held at the time of
29 the regular city election or at a special election called for
30 that purpose. If the tax applies only in the unincorporated
31 areas of a county or only within the corporate boundaries
32 of a land use district, only the registered voters of the
33 unincorporated areas of the county or the registered voters of
34 the land use district, as applicable, shall be permitted to
35 vote. The election shall be held at the time of the general

1 election or at a special election called for that purpose.

2 Sec. 3. Section 423A.6, subsection 1, Code 2017, is amended
3 to read as follows:

4 1. The director of revenue shall administer the state and
5 local hotel and motel tax as nearly as possible in conjunction
6 with the administration of the state sales tax law, except
7 that portion of the law which implements the streamlined sales
8 and use tax agreement. The director shall provide appropriate
9 forms, or provide on the regular state tax forms, for reporting
10 state and local hotel and motel tax liability. All moneys
11 received or refunded one hundred eighty days after the date
12 on which a city, ~~or~~ county, or land use district terminates
13 its local hotel and motel tax and all moneys received from the
14 state hotel and motel tax shall be deposited in or withdrawn
15 from the general fund of the state.

16 Sec. 4. Section 423A.7, subsection 2, Code 2017, is amended
17 to read as follows:

18 2. All moneys in the local transient guest tax fund shall
19 be remitted at least quarterly by the department, pursuant to
20 rules of the director of revenue, to each city in the amount
21 collected from businesses in that city, ~~and~~ to each county in
22 the amount collected from businesses in the unincorporated
23 areas of the county, and to each land use district in the
24 amount collected from businesses in that land use district.

25 Sec. 5. Section 423A.7, subsection 4, unnumbered paragraph
26 1, Code 2017, is amended to read as follows:

27 The revenue derived by a city or county from any local hotel
28 and motel tax authorized by [section 423A.4](#) shall be used by a
29 city or county as follows:

30 Sec. 6. Section 423A.7, Code 2017, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 5. The revenue derived by a land use
33 district from any local hotel and motel tax authorized by
34 section 423A.4 shall be expended exclusively for the purposes
35 set forth in section 303.52, subsection 3A, paragraph "b".

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EXPLANATION

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The inclusion of this explanation does not constitute agreement with
the explanation's substance by the members of the general assembly.

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4 This bill permits a land use district created under Code
5 sections 303.41 through 303.68 to impose the local hotel and
6 motel tax under Code chapter 423A upon the renting of any
7 lodging within the land use district. The bill amends the
8 powers and duties of the board of trustees of a land use
9 district to permit the board to impose the tax.

10 The tax may only be imposed by ordinance of the board of
11 trustees of the district after an election at which a majority
12 of those voting favors imposition. Only registered voters
13 of the land use district are permitted to vote, and the tax
14 only applies within the corporate boundaries of the land use
15 district. A majority vote of the registered voters of the
16 district is also required for a repeal or rate change. The tax
17 rate may not exceed 7 percent and must be in increments of one
18 or more full percentage points.

19 The bill provides that revenues derived by a land use
20 district from the local hotel and motel tax must be spent
21 exclusively on certain recreation, convention, cultural, or
22 entertainment facilities as specified in the bill or for the
23 promotion and encouragement of tourist and convention business
24 in the district and surrounding areas. The bill also provides
25 that a hotel and motel tax imposed by a city or county shall
26 not be imposed within the corporate boundaries of a land use
27 district during any period of time that the land use district
28 is imposing a hotel and motel tax. The bill amends provisions
29 of Code sections 423A.4 and 423A.7 relating to the power to
30 pledge future hotel and motel tax revenues toward the payment
31 of certain bonds to specify that such bonding provisions only
32 apply to cities and counties that levy the tax.