

House File 655 - Introduced

HOUSE FILE 655

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 43)

A BILL FOR

1 An Act relating to the approval and imposition of local option
2 sales and services taxes.

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

1 Section 1. Section 423B.1, subsection 1, Code 2017, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 1. *a.* A county may impose by ordinance of the board of
5 supervisors the local vehicle tax authorized by this chapter,
6 subject to this section.

7 *b.* A city or county may impose by ordinance the local sales
8 and services tax authorized by this chapter, subject to this
9 section.

10 Sec. 2. Section 423B.1, subsection 2, paragraph b,
11 subparagraph (3), Code 2017, is amended to read as follows:

12 (3) The tax once imposed shall continue to be imposed until
13 the county-imposed tax is ~~reduced or increased in rate or~~
14 ~~repealed, and then the city-imposed tax shall also be reduced~~
15 ~~or increased in rate or repealed in the same amount and be~~
16 effective on the same date.

17 Sec. 3. Section 423B.1, subsection 3, Code 2017, is amended
18 to read as follows:

19 3. *a.* ~~A local option tax shall be imposed only after an~~
20 ~~election at which~~ If a majority of those voting on the question
21 of imposition of a local option tax favors imposition and, the
22 local option tax shall then be imposed at the rate specified on
23 the ballot for an unlimited period until repealed as provided
24 in [subsection 6](#), paragraph "a" this chapter.

25 *b.* If the tax is a local vehicle tax imposed by a county,
26 it shall apply to all incorporated and unincorporated areas of
27 the county.

28 *c.* (1) (a) If the tax is a local sales and services tax
29 imposed by a county that is a qualified county, it shall only
30 apply to ~~those incorporated areas and the unincorporated area~~
31 ~~of that county in which~~ if a majority of those voting in the
32 area on the tax favors its imposition.

33 (b) If the tax is a local sales and services tax imposed by
34 a city located in a county that is a qualified county, other
35 than a city under subsection 2, it shall only apply to the city

1 if a majority of those voting in the city on the tax favors its
2 imposition.

3 (2) If the tax is a local sales and services tax imposed by
4 a county that is not a qualified county, it shall only apply to
5 those incorporated areas and the unincorporated area of that
6 county in which a majority of those voting in the area on the
7 tax favors its imposition. For purposes of the local sales
8 and services tax imposed by a county that is not a qualified
9 county, all cities contiguous to each other shall be treated
10 as part of one incorporated area and the tax ~~would~~ shall be
11 imposed in each of those contiguous cities only if the majority
12 of those voting in the total area covered by the contiguous
13 cities favors its imposition. ~~In the case of a local sales and~~
14 ~~services tax submitted to the registered voters of two or more~~
15 ~~contiguous counties as provided in [subsection 4](#), paragraph "c",~~
16 ~~all cities contiguous to each other shall be treated as part of~~
17 ~~one incorporated area, even if the corporate boundaries of one~~
18 ~~or more of the cities include areas of more than one county,~~
19 ~~and the tax shall be imposed in each of those contiguous cities~~
20 ~~only if a majority of those voting on the tax in the total area~~
21 ~~covered by the contiguous cities favored its imposition.~~ For
22 purposes of the local sales and services tax, a city is not
23 contiguous to another city if the only road access between the
24 two cities is through another state.

25 Sec. 4. Section 423B.1, Code 2017, is amended by adding the
26 following new subsection:

27 NEW SUBSECTION. 3A. For purposes of this chapter,
28 "*qualified county*" means a county with a population in excess
29 of four hundred thousand, a county with a population of at
30 least one hundred thirty thousand but not more than one hundred
31 thirty-one thousand, or a county with a population of at least
32 sixty thousand but not more than seventy thousand, according
33 to the 2010 federal decennial census. Except for purposes
34 of allocating local sales and services tax receipts based
35 on the county in which the tax was collected under section

1 423B.7, subsection 1, a city shall be deemed to be located in a
2 qualified county if a majority of the population of the city,
3 according to the 2010 federal decennial census, resides in the
4 qualified county.

5 Sec. 5. Section 423B.1, subsections 4 and 5, Code 2017, are
6 amended to read as follows:

7 4. a. (1) A The county board of supervisors shall direct
8 within thirty days the county commissioner of elections to
9 submit the question of imposition of a local vehicle tax ~~or~~
10 ~~a local sales and services tax~~ to the registered voters of
11 the incorporated and unincorporated areas of the county upon
12 receipt of a petition, requesting imposition of a local vehicle
13 tax ~~or a local sales and services tax~~, signed by eligible
14 electors of the whole county equal in number to five percent of
15 the persons in the whole county who voted at the last preceding
16 general election. ~~In the case of a local vehicle tax, the~~ The
17 petition requesting imposition shall specify the rate of tax
18 and the classes, if any, that are to be exempt. If more than
19 one valid petition is received, the earliest received petition
20 shall be used.

21 (2) The county board of supervisors for a qualified county
22 shall direct within thirty days the county commissioner of
23 elections to submit the question of imposition of a local
24 sales and services tax to the registered voters of a city or
25 to the registered voters of the unincorporated area of the
26 county upon receipt by the board of supervisors of a petition
27 requesting imposition of a local sales and services tax, signed
28 by eligible electors of the city or eligible electors of the
29 unincorporated area of the county, as applicable, equal in
30 number to five percent of the persons in the applicable city
31 or unincorporated area of the county who voted at the last
32 preceding general election. If more than one valid petition
33 is received for a city or for the unincorporated area of the
34 county, the earliest received petition shall be used.

35 (3) A county board of supervisors for a county that is not

1 a qualified county shall direct within thirty days the county
2 commissioner of elections to submit the question of imposition
3 of a local sales and services tax to the registered voters of
4 the incorporated and unincorporated areas of the county upon
5 receipt of a petition requesting imposition of a local sales
6 and services tax, signed by eligible electors of the whole
7 county equal in number to five percent of the persons in the
8 whole county who voted at the last preceding general election.
9 If more than one valid petition is received, the earliest
10 received petition shall be used.

11 b. (1) The question of the imposition of a local sales
12 and services tax in a qualified county shall be submitted to
13 the registered voters of the city or to the registered voters
14 of the unincorporated area of the county upon receipt by the
15 county commissioner of elections of a motion requesting such
16 submission, adopted by the governing body of a city located
17 within the county or of the county for the unincorporated area
18 of the county. Upon adoption of such motion, the governing
19 body of the city or county for the unincorporated area shall
20 submit the motion to the county commissioner of elections. The
21 county commissioner of elections shall publish notice of the
22 ballot proposition concerning the imposition of the local sales
23 and services tax. The manner provided under this subparagraph
24 for the submission of the question of imposition of a local
25 sales and services tax is an alternative to the manner provided
26 in paragraph "a", subparagraph (2).

27 (2) The question of the imposition of a local sales and
28 services tax in a county that is not a qualified county shall
29 be submitted to the registered voters of the incorporated and
30 unincorporated areas of the county upon receipt by the county
31 commissioner of elections of the motion or motions, requesting
32 such submission, adopted by the governing body or bodies of the
33 city or cities located within the county or of the county, for
34 the unincorporated areas of the county, representing at least
35 one half of the population of the county. Upon adoption of

1 such motion, the governing body of the city or county, for the
2 unincorporated areas, shall submit the motion to the county
3 commissioner of elections and in the case of the governing
4 body of the city shall notify the board of supervisors of the
5 adoption of the motion. The county commissioner of elections
6 shall keep a file on all the motions received and, upon
7 reaching the population requirements, shall publish notice of
8 the ballot proposition concerning the imposition of the local
9 sales and services tax. A motion ceases to be valid at the
10 time of the holding of the regular election for the election of
11 members of the governing body ~~which~~ that adopted the motion.
12 The county commissioner of elections shall eliminate from the
13 file any motion that ceases to be valid. The manner provided
14 under this ~~paragraph~~ subparagraph for the submission of the
15 question of imposition of a local sales and services tax
16 is an alternative to the manner provided in paragraph "a",
17 subparagraph (3).

18 ~~e. Upon receipt of petitions or motions calling for the~~
19 ~~submission of the question of the imposition of a local sales~~
20 ~~and services tax as described in paragraph "a" or "b", the~~
21 ~~boards of supervisors of two or more contiguous counties in~~
22 ~~which the question is to be submitted may enter into a joint~~
23 ~~agreement providing that for purposes of this chapter, a~~
24 ~~city whose corporate boundaries include areas of more than~~
25 ~~one county shall be treated as part of the county in which a~~
26 ~~majority of the residents of the city reside. In such event,~~
27 ~~the county commissioners of elections from each such county~~
28 ~~shall cooperate in the selection of a single date upon which~~
29 ~~the election shall be held, and for all purposes of this~~
30 ~~chapter relating to the imposition, repeal, change of use,~~
31 ~~or collection of the tax, such a city shall be deemed to be~~
32 ~~part of the county in which a majority of the residents of the~~
33 ~~city reside. A copy of the joint agreement shall be provided~~
34 ~~promptly to the director of revenue.~~

35 5. a. The county commissioner of elections shall submit

1 the question of imposition of a local option tax at an election
2 held on a date specified in [section 39.2, subsection 4,](#)
3 [paragraph "a" or "b", as applicable.](#) The election shall not be
4 held sooner than sixty days after publication of notice of the
5 ballot proposition.

6 b. The ballot proposition shall specify the type and rate of
7 tax and, in the case of a vehicle tax, the classes that will be
8 exempt and, in the case of a local sales and services tax, the
9 date it will be imposed which date shall not be earlier than
10 ninety days following the election. The ballot proposition
11 shall also specify the approximate amount of local option tax
12 revenues that will be used for property tax relief, subject to
13 the requirement of section 423B.7, subsection 7, paragraph "b",
14 and shall contain a statement as to the specific purpose or
15 purposes for which the revenues shall otherwise be expended.
16 If the ~~county~~ board of supervisors in a county that is not
17 a qualified county or if the board of supervisors or city
18 council, as applicable, in a qualified county decides under
19 subsection 6 to specify a date on which the local option sales
20 and services tax shall automatically be repealed, the date of
21 the repeal shall also be specified on the ballot.

22 c. The rate of the vehicle tax shall be in increments of one
23 dollar per vehicle as set by the petition seeking to impose the
24 tax.

25 d. The rate of a local sales and services tax shall ~~not~~ be
26 ~~more than one percent as set by the governing body.~~

27 e. The state commissioner of elections shall establish by
28 rule the form for the ballot proposition which form shall be
29 uniform throughout the state.

30 Sec. 6. Section 423B.1, subsection 6, paragraph a,
31 subparagraph (1), Code 2017, is amended by striking the
32 subparagraph.

33 Sec. 7. Section 423B.1, subsection 6, paragraph a,
34 subparagraphs (2) and (3), Code 2017, are amended to read as
35 follows:

1 (2) (a) ~~The~~ A local option tax may be repealed or the
2 rate of the local vehicle tax increased or decreased or the
3 use ~~thereof~~ of a local option tax changed after an election at
4 which a majority of those voting on the question of repeal or
5 rate or use change ~~avored~~ avors the repeal or rate or use
6 change.

7 (b) The date on which the repeal, rate, or use change is
8 to take effect shall not be earlier than ninety days following
9 the election. The election at which the question of repeal
10 or rate or use change is offered shall be called and held in
11 the same manner and under the same conditions as provided in
12 subsections 4 and 5 for the election on the imposition of the
13 local option tax. However, in the case of a local sales and
14 services tax where the tax has not been imposed countywide, the
15 question of repeal or imposition ~~or rate~~ or use change shall
16 be voted on only by the registered voters of the areas of the
17 county where the tax has been imposed or has not been imposed,
18 as appropriate.

19 (c) ~~However, the~~ The governing body of the ~~incorporated~~
20 ~~area~~ city or unincorporated area where the local sales and
21 services tax is imposed may, upon its own motion, request the
22 county commissioner of elections to hold an election in the
23 ~~incorporated~~ city or unincorporated area, as appropriate, on
24 the question of the change in use of local sales and services
25 tax revenues. The election may be held at any time but not
26 sooner than sixty days following publication of the ballot
27 proposition. If a majority of those voting in the ~~incorporated~~
28 city or unincorporated area on the change in use favors the
29 change, the governing body of that city or area shall change
30 the use to which the revenues shall be used. The ballot
31 proposition shall list the present use of the revenues, the
32 proposed use, and the date after which revenues received will
33 be used for the new use.

34 (3) When submitting the question of the imposition of a
35 local sales and services tax, the ~~county~~ board of supervisors

1 of a county that is not a qualified county or the board of
2 supervisors or the governing body of the city, as applicable,
3 in a qualified county may direct that the question contain a
4 provision for the repeal, without election, of the local sales
5 and services tax on a specific date, which date shall be as
6 provided in [section 423B.6, subsection 1](#).

7 Sec. 8. Section 423B.1, subsection 7, paragraph b, Code
8 2017, is amended to read as follows:

9 *b.* Costs of local option tax elections shall be apportioned
10 among jurisdictions within the county voting on the question
11 at the same election on a pro rata basis in proportion to the
12 number of registered voters in each taxing jurisdiction voting
13 on the question and the total number of registered voters in
14 all of the taxing jurisdictions voting on the question.

15 Sec. 9. Section 423B.1, subsection 8, Code 2017, is amended
16 by striking the subsection.

17 Sec. 10. Section 423B.1, subsections 9 and 10, Code 2017,
18 are amended to read as follows:

19 9. *a.* ~~In a county that has imposed a local option sales~~
20 ~~and services tax that is not a qualified county,~~ the board
21 of supervisors shall, notwithstanding any contrary provision
22 of [this chapter](#), repeal the local option sales and services
23 tax in the unincorporated areas or in an incorporated city
24 area in which the tax has been imposed upon adoption of ~~its~~
25 the board's own motion for repeal in the unincorporated areas
26 or upon receipt of a motion adopted by the governing body of
27 that incorporated city area requesting repeal. The board of
28 supervisors shall repeal the local option sales and services
29 tax effective on the ~~later of the date of the adoption of~~
30 ~~the repeal motion or the~~ earliest date specified in section
31 423B.6, subsection 1, following adoption of the motion. For
32 purposes of [this subsection paragraph](#), incorporated city area
33 includes an incorporated city which is contiguous to another
34 incorporated city.

35 *b.* For a qualified county:

1 (1) In a city that has imposed a local sales and services
2 tax, the governing body of the city shall, notwithstanding any
3 contrary provision of this chapter, repeal the local sales and
4 services tax in the city upon adoption of its own motion for
5 repeal. The governing body of the city shall repeal the local
6 sales and services tax effective on the earliest date specified
7 in section 423B.6, subsection 1, following adoption of the
8 motion.

9 (2) In the unincorporated area of the county where the
10 local sales and services tax has been imposed, the board of
11 supervisors shall, notwithstanding any contrary provision of
12 this chapter, repeal the local sales and services tax in the
13 unincorporated area of the county upon adoption of its own
14 motion for repeal. The board of supervisors shall repeal the
15 local sales and services tax effective on the earliest date
16 specified in section 423B.6, subsection 1, following adoption
17 of the motion.

18 10. Notwithstanding [subsection 9](#) or any other contrary
19 provision of [this chapter](#), a local option sales and services
20 tax shall not be repealed or ~~reduced in rate~~ if obligations are
21 outstanding which are payable as provided in [section 423B.9](#),
22 unless funds sufficient to pay the principal, interest, and
23 premium, if any, on the outstanding obligations at and prior
24 to maturity have been properly set aside and pledged for that
25 purpose.

26 Sec. 11. Section 423B.5, subsections 1 and 4, Code 2017, are
27 amended to read as follows:

28 1. A local sales and services tax ~~at the rate of not more~~
29 ~~than one percent may be~~ imposed by a city or county pursuant
30 to this chapter shall be imposed on the sales price taxed by
31 the state under [chapter 423, subchapter II](#). A local sales
32 and services tax shall be imposed on the same basis as the
33 state sales and services tax or in the case of the use of
34 natural gas, natural gas service, electricity, or electric
35 service on the same basis as the state use tax and shall not

1 be imposed on the sale of any property or on any service not
2 taxed by the state, except the tax shall not be imposed on
3 the sales price from the sale of motor fuel or special fuel
4 as defined in [chapter 452A](#) which is consumed for highway use
5 or in watercraft or aircraft if the fuel tax is paid on the
6 transaction and a refund has not or will not be allowed, on the
7 sales price from the sale of equipment by the state department
8 of transportation, or on the sales price from the sale or use
9 of natural gas, natural gas service, electricity, or electric
10 service in a city or county where the sales price from the sale
11 of natural gas or electric energy is subject to a franchise
12 fee or user fee during the period the franchise or user fee
13 is imposed. A local sales and services tax is applicable
14 to transactions within ~~those incorporated and~~ the city or
15 unincorporated areas area of the county where it is imposed and
16 shall be collected by all persons required to collect state
17 sales taxes. ~~All cities contiguous to each other shall be~~
18 ~~treated as part of one incorporated area and the tax would be~~
19 ~~imposed in each of those contiguous cities only if the majority~~
20 ~~of those voting in the total area covered by the contiguous~~
21 ~~cities favors its imposition. In the case of a local sales and~~
22 ~~services tax submitted to the registered voters of two or more~~
23 ~~contiguous counties as provided in section 423B.1, subsection~~
24 ~~4, paragraph "c", all cities contiguous to each other shall be~~
25 ~~treated as part of one incorporated area, even if the corporate~~
26 ~~boundaries of one or more of the cities include areas of more~~
27 ~~than one county, and the tax shall be imposed in each of those~~
28 ~~contiguous cities only if a majority of those voting on the tax~~
29 ~~in the total area covered by the contiguous cities favored its~~
30 ~~imposition.~~ However, a local sales and services tax is not
31 applicable to transactions of a retailer holding a retail sales
32 tax permit at a place of business, as defined in section 423.1,
33 if the retailer's place of business is located in part within a
34 city or unincorporated area of the county where the tax is not
35 imposed.

1 4. If a local sales and services tax is imposed by a city or
2 county pursuant to this chapter, a local excise tax at the same
3 rate shall be imposed by the city or county on the purchase
4 price of natural gas, natural gas service, electricity, or
5 electric service subject to tax under chapter 423, subchapter
6 III, and not exempted from tax by any provision of chapter
7 423, subchapter III. The local excise tax is applicable only
8 to the use of natural gas, natural gas service, electricity,
9 or electric service within those incorporated cities and
10 unincorporated areas of the county where it is imposed
11 and, except as otherwise provided in this chapter, shall be
12 collected and administered in the same manner as the local
13 sales and services tax. For purposes of this chapter, "*local*
14 *sales and services tax*" shall also include the local excise tax.

15 Sec. 12. Section 423B.6, subsection 1, paragraphs b and c,
16 Code 2017, are amended to read as follows:

17 *b.* A local sales and services tax shall be repealed only
18 on June 30 or December 31 but not sooner than ninety days
19 following the favorable election if one is held. However, a
20 local sales and services tax shall not be repealed before the
21 tax has been in effect for one year. At least forty days before
22 the imposition or repeal of the tax, a the city or county, as
23 applicable, shall provide notice of the action by certified
24 mail to the director of revenue.

25 *c.* The imposition of ~~or a rate change for~~ a local sales and
26 services tax shall not be applied to purchases from a printed
27 catalog wherein a purchaser computes the local tax based on
28 rates published in the catalog unless a minimum of one hundred
29 twenty days' notice of the imposition ~~or rate change~~ has been
30 given to the seller from the catalog and the first day of a
31 calendar quarter has occurred on or after the one hundred
32 twentieth day.

33 Sec. 13. Section 423B.6, subsection 2, paragraph b, Code
34 2017, is amended to read as follows:

35 *b.* The ordinance of a governing body of a city or county

1 board of supervisors imposing a local sales and services
2 tax shall adopt by reference the applicable provisions of
3 the appropriate sections of [chapter 423](#). All powers and
4 requirements of the director to administer the state sales tax
5 law and use tax law are applicable to the administration of
6 a local sales and services tax law and the local excise tax,
7 including but not limited to the provisions of section 422.25,
8 subsection 4, [sections 422.30, 422.67, and 422.68](#), section
9 422.69, subsection 1, [sections 422.70 through 422.75](#), section
10 423.14, subsection 1 and subsection 2, paragraphs "b" through
11 "e", and [sections 423.15, 423.23, 423.24, 423.25, 423.31](#)
12 [through 423.35, 423.37 through 423.42, 423.46, and 423.47](#).
13 Local officials shall confer with the director of revenue for
14 assistance in drafting the ordinance imposing a local sales and
15 services tax. A certified copy of the ordinance shall be filed
16 with the director as soon as possible after passage.

17 Sec. 14. Section 423B.6, subsection 3, paragraph b, Code
18 2017, is amended to read as follows:

19 *b.* All local tax moneys and interest and penalties received
20 or refunded one hundred eighty days or more after the date
21 on which the city or county repeals ~~its~~ the local sales and
22 services tax shall be deposited in or withdrawn from the state
23 general fund.

24 Sec. 15. Section 423B.7, subsection 1, Code 2017, is amended
25 to read as follows:

26 1. *a.* Except as provided in ~~paragraph~~ paragraphs "b" and
27 "c", the director shall credit the local sales and services
28 tax receipts and interest and penalties ~~from a county imposed~~
29 ~~tax~~ to the county's account in the local sales and services
30 tax fund ~~and from a city imposed tax under section 423B.1,~~
31 ~~subsection 2,~~ to the city's account in the local sales
32 ~~and services tax fund~~ for the county in which the tax was
33 collected. If the director is unable to determine from which
34 county any of the receipts were collected, those receipts shall
35 be allocated among the possible counties based on allocation

1 rules adopted by the director.

2 ~~b. Notwithstanding paragraph "a",~~ The director shall
3 credit the designated amount of the increase in local sales
4 and services tax receipts, as computed in section 423B.10,
5 collected in an urban renewal area of an eligible city that has
6 adopted an ordinance pursuant to section 423B.10, subsection
7 2, into a special city account in the local sales and services
8 tax fund.

9 c. The director shall credit the local sales and services
10 tax receipts and interest and penalties from a city-imposed tax
11 under section 423B.1, subsection 2, to the city's account in
12 the local sales and services tax fund.

13 Sec. 16. Section 423B.7, subsection 7, Code 2017, is amended
14 to read as follows:

15 7. a. Local Subject to the requirement of paragraph "b",
16 local sales and services tax moneys received by a city or
17 county may be expended for any lawful purpose of the city or
18 county.

19 b. Each city located in a qualified county and each
20 qualified county for the unincorporated area for which
21 the imposition of the local sales and services tax in the
22 incorporated area or unincorporated area was approved at
23 election on or after the effective date of this Act shall use
24 not less than fifty percent of the moneys received for property
25 tax relief.

26 Sec. 17. Section 423B.8, subsection 1, paragraph a, Code
27 2017, is amended to read as follows:

28 a. The goods, wares, or merchandise are incorporated into
29 an improvement to real estate in fulfillment of a written
30 contract fully executed prior to the date of the imposition ~~or~~
31 ~~increase in rate~~ of a local sales and services tax under this
32 chapter. The refund shall not apply to equipment transferred
33 in fulfillment of a mixed construction contract.

34 Sec. 18. Section 423B.10, subsection 1, paragraph b, Code
35 2017, is amended to read as follows:

1 voted at the last preceding general election. The bill defines
2 "qualified county" to mean a county with a population in excess
3 of 400,000, a county with a population of at least 130,000 but
4 not more than 131,000, or a county with a population of at
5 least 60,000 but not more than 70,000, according to the 2010
6 federal decennial census. For those qualified counties, the
7 bill also removes the requirement that in order to have the
8 local sales and services tax presented to the voters, motions
9 must be approved by cities or the county for the unincorporated
10 area, representing at least one-half of the county's
11 population. Instead, the bill allows individual cities or the
12 county for the unincorporated area within a qualified county
13 to approve a motion for an election on the local sales and
14 services tax to be held in only that jurisdiction.

15 The bill specifies that except for purposes of allocating
16 local sales and services tax receipts based on the county in
17 which the tax was collected, a city shall be deemed to be
18 located in a qualified county if a majority of the population
19 of the city, according to the 2010 federal decennial census,
20 resides in the qualified county.

21 The bill provides that in a qualified county a city or the
22 board of supervisors for the unincorporated area of a county
23 may repeal the local sales and services tax in the city upon
24 adoption of its own motion for repeal.

25 For those counties that are not qualified counties, the
26 methods of seeking presentment of the local option sales and
27 services tax to the voters and the methods for repealing such
28 a tax remain the same as required under current Code chapter
29 423B.

30 The bill provides that each city or county for which the
31 imposition of the local sales and services tax was approved at
32 election on or after the effective date of the bill shall use
33 not less than 50 percent of the moneys received for property
34 tax relief.

35 The bill strikes special provisions related to the approval

1 and imposition of a local sales and services tax in a city that
2 is located in two or more contiguous counties.

3 The bill provides that a local sales and services tax is
4 not applicable to transactions of a retailer holding a retail
5 sales tax permit at a place of business if the retailer's place
6 of business is located in part within a city or unincorporated
7 area of the county where the tax is not imposed.

8 Current Code chapter 423B authorizes the imposition of a
9 local sales and services tax at a rate of not more than 1
10 percent. The bill requires a local sales and services tax, if
11 imposed, to be 1 percent.

12 The bill provides that the imposition of local option
13 taxes in effect on the effective date of the bill shall not
14 be affected by the bill, and such taxes shall continue to
15 be imposed until their repeal pursuant to Code chapter 423B.
16 The law in effect regarding repeal at the time of the repeal
17 governs the repeal of the local option taxes.