

**Senate File 2045 - Introduced**

SENATE FILE 2045

BY WHITING

**A BILL FOR**

1 An Act concerning hotel and motel taxation, providing for other  
2 properly related matters including the creation of a local  
3 hotel and motel tax account and board to administer locally  
4 imposed hotel and motel taxes, and including applicability  
5 provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423A.5A, subsection 3, Code 2020, is  
2 amended to read as follows:

3 3. Unless otherwise provided in this section, the  
4 lodging provider shall obtain a sales tax permit, collect the  
5 state-imposed tax under section 423A.3 and any locally imposed  
6 tax under section 423A.4 shall be collected by the lodging  
7 provider from the user of that lodging, and shall be remitted  
8 remit the tax to the department. The lodging provider shall  
9 add the state-imposed tax to the sales price of the lodging and  
10 the tax, when collected, shall be stated as a distinct item,  
11 separate and apart from the sales price of the lodging and from  
12 the locally imposed tax, if any. The lodging provider shall  
13 add the locally imposed tax, if any, to the sales price of  
14 the lodging and the tax, when collected, shall be stated as a  
15 distinct item, separate and apart from the sales price of the  
16 lodging and from the state-imposed tax.

17 Sec. 2. Section 423A.5A, subsection 4, paragraph e, Code  
18 2020, is amended to read as follows:

19 e. Notwithstanding any other provision of this section  
20 to the contrary, if a lodging facilitator and its affiliates  
21 facilitate ~~total~~ rentals under this chapter and chapter  
22 423C ~~that~~, the lodging facilitator shall not be required to  
23 collect tax on the amount of sales price that represents the  
24 lodging facilitator's facilitation fee under the following  
25 circumstances:

26 (1) In a county with a population of fifteen thousand  
27 or less, if the total rentals are equal to or less than an  
28 aggregate amount of sales price and rental price of ten  
29 thousand dollars for an immediately preceding calendar year  
30 or a current calendar year, or in ten or fewer separate  
31 transactions for an immediately preceding calendar year or  
32 a current calendar year, the lodging facilitator shall not  
33 be required to collect tax on the amount of sales price that  
34 represents the lodging facilitator's facilitation fee.

35 (2) In a county with a population greater than fifteen

1 thousand, if the total rentals are equal to or less than an  
2 aggregate amount of sales price and rental price of five  
3 thousand dollars for an immediately preceding calendar year  
4 or a current calendar year, or in five or fewer separate  
5 transactions for an immediately preceding calendar year or a  
6 current calendar year.

7 Sec. 3. Section 423A.7, subsection 3, Code 2020, is amended  
8 to read as follows:

9 3. Moneys received by the city or county from this fund  
10 shall be credited to the general fund of the city or county,  
11 subject to the provisions of [subsection 4](#).

12 Sec. 4. Section 423A.7, subsection 4, paragraphs a and b,  
13 Code 2020, are amended by striking the paragraphs and inserting  
14 in lieu thereof the following:

15 a. A city or county that levies the tax shall establish a  
16 hotel and motel tax account within the general fund of the city  
17 or county. All of the revenues received by the city or county  
18 pursuant to subsection 2 shall be deposited into the account.  
19 Interest earned on revenues deposited in the account shall  
20 remain in the account and be used for the purposes specified in  
21 this section.

22 b. (1) The governing authority of each city or county that  
23 levies the tax shall establish a hotel and motel tax board  
24 comprising of an even number of members, but in no event shall  
25 the board be less than four members, to spend at least fifty  
26 percent of the revenues in the account on the promotion of  
27 tourism in the city, county, or surrounding areas. One-half of  
28 the members of the board shall be from the tourism industry,  
29 and one-half of the members of the board shall be local hotel,  
30 motel, or resort owners, or be designees of such owners.

31 (2) The remaining revenues not subject to subparagraph (1)  
32 may be spent by the city or county that levies the tax for any  
33 city or county operation authorized by law as a proper purpose  
34 for the expenditure within statutory limitations of city or  
35 county revenues derived from ad valorem taxes.

1     Sec. 5. Section 423A.7, subsection 4, paragraphs c and e,  
2 Code 2020, are amended to read as follows:

3     c. Any city or county which levies and collects the local  
4 hotel and motel tax authorized by [section 423A.4](#) may pledge  
5 irrevocably an amount of the remaining revenues derived  
6 ~~therefrom~~ from the local hotel and motel tax as set forth in  
7 paragraph "b", subparagraph (2), for each of the years the bonds  
8 remain outstanding to the payment of bonds which the city or  
9 county may issue ~~for one or more of the purposes set forth in~~  
10 paragraph "a" for the purpose of promoting tourism or for any  
11 other purpose authorized by law. Any revenue pledged to the  
12 payment of such bonds ~~may~~ shall not be credited to the spending  
13 requirement of paragraph "a" "b", subparagraph (1).

14     e. A city or county, jointly with one or more other cities  
15 or counties as provided in [chapter 28E](#), may pledge irrevocably  
16 any amount derived from the remaining revenues of the local  
17 hotel and motel tax as set forth in paragraph "b", subparagraph  
18 (2), to the support or payment of bonds issued for ~~a project~~  
19 ~~within the purposes set forth in paragraph "a" and located~~  
20 ~~within one or more of the participatory cities or counties~~  
21 ~~or may apply the proceeds of its bonds to the support of any~~  
22 ~~such project~~ the purpose of promoting tourism or for any other  
23 purpose authorized by law. Revenue so pledged or applied shall  
24 not be credited to the spending requirement of paragraph "a"  
25 "b", subparagraph (1).

26     Sec. 6. NEW SECTION. 423A.8 **Good-faith effort to collect**  
27 **tax.**

28     A land use district, city, or county, including a city  
29 or county acting jointly with other local governments, shall  
30 expend a portion of the remaining revenues of the local hotel  
31 and motel tax in section 423A.7, subsection 4, paragraph "b",  
32 subparagraph (2), for paid advertisements or public service  
33 announcements that disseminate information about the law  
34 requiring lodging providers to obtain a permit and to collect  
35 the state and locally imposed taxes under this chapter.

1     Sec. 7. APPLICABILITY. This Act does not apply to bonds  
2 issued prior to the effective date of this Act or to the  
3 proceeds of such bonds.

4

EXPLANATION

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

6

7     This bill concerns hotel and motel taxation, including the  
8 creation of a local hotel and motel tax account and board to  
9 administer locally imposed hotel and motel taxes.

10     The bill specifies that a lodging provider shall obtain a  
11 sales tax permit when renting lodging in this state, and remit  
12 any tax collected to the department of revenue.

13     Code section 423A.2 defines "lodging facilitator" to mean  
14 person or any affiliate of a person, other than a lodging  
15 provider or a lodging platform, that facilitates the renting  
16 of lodging and collects or processes the sales price charged  
17 to the user.

18     The bill provides that a lodging facilitator shall not be  
19 required to collect the state and local hotel and motel tax  
20 on the amount of the sales price that represents the lodging  
21 facilitator's fee under the following circumstances: in a  
22 county with a population of 15,000 or less, if the yearly total  
23 rentals are equal to or less than \$10,000, or there are 10 or  
24 fewer yearly transactions; or in a county with a population  
25 greater than 15,000, if the yearly total rentals are equal  
26 to or less than \$5,000, or there are five or fewer yearly  
27 transactions. Current law, regardless of the size of the  
28 county, does not require the lodging facilitator to collect the  
29 hotel and motel tax if the aggregate value of the rentals is  
30 equal to or less than \$10,000 in a calendar year, or there are  
31 10 or fewer separate transactions in a calendar year.

32     If a city or county has levied a locally imposed hotel and  
33 motel tax, the bill requires the city or county to establish  
34 a hotel and motel tax account within the general fund of the  
35 city or county. The bill requires all of the revenues received

1 by the city or county pursuant to the locally imposed hotel  
2 and motel tax be deposited into the account. Moneys in the  
3 account are not subject to transfer to any other accounts or  
4 to any other funds established by a city or county unless such  
5 transfer is for a purpose specified by law.

6 The governing authority of each city or county which levies  
7 the hotel and motel tax shall also establish a hotel and motel  
8 tax board to spend at least 50 percent of the revenues in the  
9 account on the promotion of tourism in the city, county, or  
10 surrounding areas. One-half of the members of the board shall  
11 be from the tourism industry, and one-half of the members of  
12 the board shall be local hotel, motel, or resort owners, or be  
13 designees of such owners.

14 The remaining revenues not subject to expenditure by the  
15 hotel and motel tax board created in the bill shall be spent,  
16 as required by current law, by the city or county on any city  
17 or county operations authorized by law as a proper purpose for  
18 the expenditure within statutory limitations of city or county  
19 revenues derived from ad valorem taxes.

20 The bill also allows an amount of the remaining revenues not  
21 subject to expenditure by the hotel and motel tax board created  
22 in the bill to be irrevocably pledged to the servicing of bonds  
23 to promote tourism or for any other purposes authorized by  
24 law. The bill specifies a city or county may enter into 28E  
25 agreements or jointly service such bonds with other cities or  
26 counties.

27 The bill requires a portion of the remaining revenues not  
28 subject to expenditure by the hotel and motel tax board created  
29 in the bill to be spent for paid advertisements or public  
30 service announcements that disseminate information about the  
31 law requiring lodging providers to obtain a permit and collect  
32 state and locally imposed hotel and motel taxes.