

**CHAPTER 1198****REBUTTABLE PRESUMPTION REPEAL ON TRANSMISSION LINES***S.F. 314*

**AN ACT** to repeal the rebuttable presumption of negligence on the part of persons operating electrical transmission lines for injuries to person or property.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 478.16, Code 1985, is repealed.

Approved May 21, 1986

**CHAPTER 1199****LOCAL OPTION TAXES***S.F. 2302*

**AN ACT** relating to the local option taxes and providing effective dates.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 422A.1, unnumbered paragraph 3, Code 1985, is amended to read as follows:

A city or county shall impose a hotel and motel tax or increase the tax rate, only after an election at which a majority of those voting on the question favors imposition or increase. However, a hotel and motel tax shall not be repealed or reduced in rate if obligations are outstanding which are payable as provided in section 422A.2, unless funds sufficient to pay the principal, interest, and premium, if any, on the outstanding obligations at and prior to maturity have been properly set aside and pledged for such that purpose. The election shall be held at the time of that city's or county's general election or at the time of a special election.

Sec. 2. Section 422B.1, subsections 1 and 2, Code Supplement 1985, are amended to read as follows:

1. A ~~city or a county~~ may impose by ordinance of the ~~city council or the~~ board of supervisors local option taxes authorized by this chapter, subject to this section.

2. A local option tax shall be imposed only after an election at which a majority of those voting on the question favors imposition and shall then be imposed until repealed as provided in subsection 7, paragraph "a". ~~If the tax is a local earnings tax imposed by a city, it shall only apply within the corporate boundaries of that city and if imposed by a county, it shall only apply to unincorporated areas of that county.~~ If the tax is a local vehicle tax imposed by a county, it shall apply to all incorporated and unincorporated areas of the county. If the tax is a local sales and services tax imposed by a county, it shall only apply to those incorporated areas and the unincorporated area of that county in which a majority of those voting in the area on the tax favor its imposition. For purposes of the local sales and services tax, all cities contiguous to each other shall be treated as part of one incorporated area and the tax would be imposed in each of those contiguous cities only if the majority of those voting in the total area covered by the contiguous cities favor its imposition.

Sec. 3. Section 422B.1, subsections 3 and 4, Code Supplement 1985, are amended by striking the subsections.

Sec. 4. Section 422B.1, subsection 6, Code Supplement 1985, is amended to read as follows:

6. The county commissioner of elections shall submit the question of imposition of a local option tax at a state general election or at a special election held at any time other than the

time of a city regular election in the case of a tax imposed by a county or at a state general election or city regular election in the case of a tax imposed by a city which may not be held sooner than sixty days after publication of notice of the ballot proposition. The ballot proposition shall specify the type and rate of tax and in the case of a vehicle tax the classes that will be exempt and in the case of a local sales and services tax the date it will be imposed. The ballot proposition shall also specify the approximate amount of local option tax revenues that will be used for property tax relief and shall contain a statement as to the specific purpose or purposes for which the revenues shall otherwise be expended. The rate of a local earnings tax shall be in increments of one percent but not in excess of four percent as set by the governing body of the city or county seeking to impose the tax. The rate of the vehicle tax shall be in increments of one dollar per vehicle as set by the petition seeking to impose the tax. The rate of a local sales and services tax shall not be more than one percent as set by the governing body. The state commissioner of elections shall establish by rule the form for the ballot proposition which form shall be uniform throughout the state.

Sec. 5. Section 422B.1, subsection 7, paragraph a, Code Supplement 1985, is amended to read as follows:

a. If a majority of those voting on the question of imposition of a local option tax favor imposition of a local option tax, the governing body of that city or that county, as applicable, shall impose the tax at the rate specified for an unlimited period. However, in the case of a local sales and services tax, the county shall not impose the tax in any incorporated area or the unincorporated area if the majority of those voting on the tax in that area did not favor its imposition. For purposes of the local sales and services tax, all cities contiguous to each other shall be treated as part of one incorporated area and the tax would be imposed in each of those contiguous cities only if the majority of those voting in the total area covered by the contiguous cities favor its imposition. The local option tax may be repealed or the rate increased or decreased only after an election at which a majority of those voting on the question of repeal or rate change favor the repeal or rate change. The election at which the question of repeal or rate change is offered shall be called and held in the same manner and under the same conditions as provided in subsections 3, 4, 5, and 6 for the election on the imposition of the local option tax. However, in the case of a local sales and services tax where the tax has not been imposed countywide, the question of repeal or imposition shall be voted on only by the qualified electors of the areas of the county where the tax has been imposed or has not been imposed, as appropriate.

Sec. 6. Section 422B.1, subsection 9, Code Supplement 1985, is amended to read as follows:

9. Local option taxes authorized to be imposed as provided in this chapter are a local earnings tax, a local sales and services tax, and a local vehicle tax. The rate of the taxes tax shall be up to four percent in increments of one percent for the earnings tax, and in increments of one dollar per vehicle for a vehicle tax all as set by the governing body of the city or county seeking to impose the earnings tax or as set on the petition seeking to impose the vehicle tax. The rate of a local sales and services tax shall not be more than one percent as set by the governing body.

Sec. 7. Section 422B.8, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

A local sales and services tax at the rate of not more than one percent may be imposed by a county on the gross receipts taxed by the state under chapter 422, division IV. A local sales and services tax shall be imposed on the same basis as the state sales and services tax and may not be imposed on the sale of any property or on any service not taxed by the state, except the tax shall not be imposed on the gross receipts from the sale of motor fuel or special fuel as defined in chapter 324, on the gross receipts from the rental of rooms, apartments, or sleeping

quarters which are taxed under chapter 422A during the period the hotel and motel tax is imposed, on the gross receipts from the sale of natural gas or electric energy in a city or county where the gross receipts are subject to a franchise fee or user fee during the period the franchise or user fee is imposed, and on the gross receipts from the sale of a lottery ticket or share in a lottery game conducted pursuant to chapter 99E. However, notwithstanding that the gross receipts from the sale or rental of the tangible personal property described in section 422.45, subsections 26 and 27 are taxable during the period beginning July 1, 1985 and ending June 30, 1987, a local sales and services tax shall not be imposed on the sale or rental of such property. A local sales and services tax is applicable to transactions within those incorporated and unincorporated areas of the county where it is imposed and shall be collected by all persons required to collect state gross receipts taxes. All cities contiguous to each other shall be treated as part of one incorporated area and the tax would be imposed in each of those contiguous cities only if the majority of those voting in the total area covered by the contiguous cities favor its imposition.

Sec. 8. Section 422B.10, subsection 1, Code Supplement 1985, is amended to read as follows:

1. The treasurer of state shall credit the local sales and services tax receipts and interest and penalties from a county to the county's account in the local sales and services tax fund. If the director of revenue is unable to determine from which county any of the receipts were collected, those receipts shall be allocated amongst the possible counties based on allocation rules adopted by the director of revenue.

Sec. 9. Sections 422B.5 through 422B.7, Code Supplement 1985, are repealed.

Sec. 10. In a county that has imposed a local option sales and services tax, the board of supervisors shall, notwithstanding any contrary provision of chapter 422B, repeal the local option sales and services tax in an incorporated city area in which the tax has been imposed upon receipt of a motion adopted by the governing body of that incorporated city area requesting repeal. The board of supervisors shall repeal the local option sales and services tax effective at the end of the calendar quarter during which the motion for the repeal was received.

Sec. 11. This Act being deemed of immediate importance, takes effect from and after its publication in The Cedar Rapids Gazette, a newspaper published in Cedar Rapids, Iowa, and in the West Des Moines Express, a newspaper published in Des Moines, Iowa.

Sec. 12. Sections 7 and 8 of this Act are retroactive to January 1, 1986 for local option sales and services taxes imposed on or after that date.

Sec. 13. Section 10 of this Act is repealed July 1, 1986.

Approved May 21, 1986

I hereby certify that the foregoing Act, Senate File 2302, was published in The Cedar Rapids Gazette, Cedar Rapids, Iowa, on May 28, 1986, and in the West Des Moines Express, Des Moines, Iowa, on May 30, 1986.

MARY JANE ODELL, *Secretary of State*