

FEB 15 2006
WAYS AND MEANS

HOUSE FILE 2409
BY FORD

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the locally imposed hotel and motel tax by
2 increasing the rate allowed and requiring local governments to
3 comply with the Iowa targeted small business procurement Act
4 in spending revenues from the tax.

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

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HF 2409

1 Section 1. NEW SECTION. 423A.4A ADDITIONAL LOCAL HOTEL
2 AND MOTEL TAX.

3 Notwithstanding the requirement in section 423A.4 that a
4 city or county shall only impose a hotel and motel tax after a
5 favorable election, a city or county that has imposed,
6 pursuant to section 423A.4, a hotel and motel tax at the
7 maximum rate of seven percent may impose an additional tax at
8 the rate of two percent without an election. To impose this
9 additional tax, the governing body of the city or county shall
10 provide notice of its intention at least sixty days prior to
11 the imposition of the tax by ordinance of the city council or
12 by resolution of the board of supervisors. The additional tax
13 shall be imposed on January 1 or July 1 following notification
14 of the director of revenue. The additional tax shall be
15 repealed at the same time the seven percent hotel and motel
16 tax imposed pursuant to section 423A.4 is repealed or reduced
17 in rate.

18 Sec. 2. Section 423A.7, Code Supplement 2005, is amended
19 by adding the following new subsection:

20 NEW SUBSECTION. 5. In expending revenue derived from the
21 local hotel and motel tax, a city or county shall comply, to
22 the extent possible, with the Iowa targeted small business
23 procurement Act pursuant to sections 73.15 through 73.21.

24 EXPLANATION

25 This bill authorizes a city or county that has imposed,
26 after favorable election, a local hotel and motel tax at the
27 maximum rate of 7 percent to impose an additional 2 percent
28 without holding an election. This additional tax is repealed
29 when the original 7 percent tax is repealed or reduced.

30 The bill also directs the city or county when spending
31 revenue derived from the local hotel and motel tax to comply
32 with the Iowa targeted small business procurement Act. A
33 targeted small business is a business that is 51 percent
34 owned, operated, and actively managed by women, minorities, or
35 disabled persons and has annual gross income of less than \$3

1 million computed as an average of the three previous years.

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