

423B.7 Payment to local governments.

1. *a.* Except as provided in paragraphs “*b*” and “*c*”, the director shall credit the local sales and services tax receipts and interest and penalties from a county-imposed tax to the county’s account in the local sales and services tax fund for the county in which the tax was collected. If the director is unable to determine from which county any of the receipts were collected, those receipts shall be allocated among the possible counties based on allocation rules adopted by the director.

b. The director shall credit the designated amount of the increase in local sales and services tax receipts, as computed in [section 423B.10](#), collected in an urban renewal area of an eligible city that has adopted an ordinance pursuant to [section 423B.10, subsection 2](#), into a special city account in the local sales and services tax fund.

c. The director shall credit the local sales and services tax receipts and interest and penalties from a city-imposed tax under [section 423B.1, subsection 2](#), to the city’s account in the local sales and services tax fund.

2. *a.* The director of revenue by August 15 of each fiscal year shall send to each city or county where the local option tax is imposed, an estimate of the amount of tax moneys each city or county will receive for the year and for each month of the year. At the end of each month, the director may revise the estimates for the year and remaining months.

b. The director of revenue shall remit ninety-five percent of the estimated tax receipts for the city or county to the city or county on or before August 31 of the fiscal year and on or before the last day of each following month.

c. The director of revenue shall remit a final payment of the remainder of tax moneys due the city or county for the fiscal year before November 10 of the next fiscal year. If an overpayment has resulted during the previous fiscal year, the November payment shall be adjusted to reflect any overpayment.

3. Seventy-five percent of each county’s account shall be remitted on the basis of the county’s population residing in the unincorporated area where the tax was imposed and those incorporated areas where the tax was imposed as follows:

a. To the board of supervisors a pro rata share based upon the percentage of the above population of the county residing in the unincorporated area of the county where the tax was imposed according to the most recent certified federal census.

b. To each city in the county where the tax was imposed a pro rata share based upon the percentage of the city’s population residing in the county to the above population of the county according to the most recent certified federal census.

c. If a subsequent certified census exists which modifies that most recent certified federal census for a participating jurisdiction under paragraphs “*a*” and “*b*”, the computations under paragraphs “*a*” and “*b*” shall utilize the subsequent certified census in the distribution formula under rules established by the director of revenue.

4. Twenty-five percent of each county’s account shall be remitted based on the sum of property tax dollars levied by the board of supervisors if the tax was imposed in the unincorporated areas and each city in the county where the tax was imposed during the three-year period beginning July 1, 1982, and ending June 30, 1985, as follows:

a. To the board of supervisors a pro rata share based upon the percentage of the total property tax dollars levied by the board of supervisors during the above three-year period.

b. To each city council where the tax was imposed a pro rata share based upon the percentage of property tax dollars levied by the city during the above three-year period of the above total property tax dollars levied by the board of supervisors and each city where the tax was imposed during the above three-year period.

5. From each city’s account, the percent of revenues agreed to be distributed to the county in the agreement entered into as provided in [section 423B.1, subsection 2](#), paragraph “*a*”, subparagraph (3), and paragraph “*c*”, shall be deposited into the appropriate county’s account to be remitted as provided in [subsections 3 and 4](#). The remaining revenues in the city’s account shall be remitted to the city council. If a county does not have an account, its percent of the revenues shall be remitted directly to the county board of supervisors.

6. From each special city account, the revenues shall be remitted to the city council for

deposit in the special fund created in [section 403.19, subsection 2](#), to be used by the city as provided in [section 423B.10](#). The distribution from the special city account is not subject to the distribution formula provided in [subsections 3, 4, and 5](#).

7. *a.* Subject to the requirement of paragraph “*b*”, local sales and services tax moneys received by a city or county may be expended for any lawful purpose of the city or county, including but not limited to expenses related to providing emergency medical services within the applicable city or county.

b. Each city located in whole or in part in a qualified county and each qualified county for the unincorporated area for which the imposition of the local sales and services tax in the city or portion thereof or the unincorporated area, as applicable, was approved at election on or after January 1, 2019, shall use not less than fifty percent of the moneys received from the qualified county’s account in the local sales and services tax fund for property tax relief.

[85 Acts, ch 32, §98](#)

[CS85, §422B.10](#)

[86 Acts, ch 1199, §8](#); [89 Acts, ch 277, §1, 2](#); [95 Acts, ch 186, §5, 6, 9](#); [96 Acts, ch 1079, §22, 23](#); [97 Acts, ch 145, §2](#); [99 Acts, ch 151, §34, 89](#); [99 Acts, ch 156, §14](#); [2002 Acts, ch 1151, §12](#); [2003 Acts, ch 145, §286](#); [2003 Acts, 1st Ex, ch 2, §203, 205](#)

[C2005, §423B.7](#)

[2006 Acts, ch 1182, §45, 53](#); [2008 Acts, ch 1134, §68](#); [2008 Acts, ch 1191, §66, 67](#); [2018 Acts, ch 1161, §241, 242, 245](#); [2021 Acts, ch 174, §64](#)

Referred to in [§423B.1, 423B.10](#)

Subsection 7, paragraph a amended