



Local Option Sales Tax & Hotel and Motel Tax



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November 18, 2022

Disclaimer

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Local Option Sales Tax

Local Option Sales Tax (LOST) Overview

- One percent local tax applied to same transactions subject to state sales tax
 - Iowa Code §§ 423B.1(5)(d), 423B.5
- May be imposed by any county for unincorporated areas or any municipal jurisdiction through ballot proposition
- The ballot proposition must name the approximate amount of LOST revenues that will be used for property tax relief and contain a statement as to the specific purpose or purposes for which the revenues shall otherwise be expended.
 - Iowa Code § 423B.5(b)

Iowa Code § 423B.7(7): Use of Funds

- LOST moneys may be expended *for any lawful purpose* of the city or county.
 - Includes but is not limited to expenses related to providing emergency medical services within the applicable city or county.
- Each jurisdiction for which the LOST imposition was approved on or after January 1, 2019 shall use *not less than fifty percent* of the moneys received for property tax relief.

DART Cities and LOST Imposition

City	Date	City	Date
Altoona	07/01/2019	Johnston	01/01/2020
Ankeny	No LOST	Pleasant Hill	07/01/2019
Bondurant	01/01/2020	Polk Co (Unincorporated)	No LOST
Clive	01/01/2020	Urbandale	01/01/2020
Des Moines	07/01/2019	West Des Moines	07/01/2019
Grimes	01/01/2020	Windsor Heights	07/01/2019

Des Moines Ballot Language

- (a) 50% allocation for property tax relief -
- (i) \$0.60 reduction to the total tax levy rate for the City per \$1,000 valuation on regular property; and
 - (ii) The City Council acknowledges that the City Manager has identified the additional financial resources that are necessary to maintain acceptable levels of City services and neighborhood investments which, without the availability of local option sales and services tax revenues, would require an additional increase to the total tax levy rate for the City on regular property of \$1.50 per \$1,000 valuation; and
 - (iii) This City Council acknowledgment reflects City Council's intent to stabilize the total tax levy rate for the City on regular property and avoid any such increase.

Des Moines Ballot Language (continued)

(b) 50% allocation for lawful purposes of the City -

- *(i) Street improvements and flood prevention*
 - Accelerating completion of street improvements under the five-year street maintenance improvement plan. Streets improvements initially identified for the accelerated completion include, but are not limited to Fleur Drive, Pennsylvania Avenue and East Court Avenue.
 - Accelerating completion of storm water improvements to reduce the impact of future flooding including, but not limited to Four Mile Creek, Closes Creek, Yeader Creek, and other areas susceptible to flooding.
- *(ii) Neighborhood improvements*
 - Establish a Blitz on Blight effort involving a significant investment for removing blight in neighborhoods throughout the City.
 - Other substantial improvements to neighborhoods throughout the City including, but not limited to, streets, sidewalks, parks as required to meet and maintain community standards for condition and use.
 - Expansion of requirements for rental housing in neighborhoods with stronger enforcement.
 - Expand hours of operation for libraries.
- *(iii) Public safety improvements and expenditures*
 - Fire station improvements throughout the City.
 - Provide ongoing funding for 13 firefighter positions for which federal funding expired in December 2018.
 - Modernize public safety equipment and expand training.
 - Provide additional support for mobile crisis services to accommodate youth

Des Moines LOST Expenditures

Area	FY 2020	FY 2021	FY 2022
Total Revenue	\$30,103,466	\$34,481,569	\$65,557,733
Property Tax Relief - 50% State Mandate			
• Property Tax Relief	\$19,060,857	\$17,240,905	\$32,778,866

Johnston Ballot Language

Resolution 19-87:

- Not less than fifty percent (50%) to be allocated for property tax relief, applied first to reduce the debt service levy before being applied to other levies, and,
- The remainder of revenue to be applied directly to public safety expenditures, public infrastructure, public parks, sports and recreational facilities and trails, and public library uses.

Note: Johnston used approximately 65% of LOST funds for property tax relief in FY 2021 and FY 2022.

- See [FY 2021 budget memo](#) from City Administrator

DART Cities and LOST Distributions: FY 2022

City	Payments	City	Payments
Altoona	\$3,655,357.20	Johnston	\$4,409,948.11
Bondurant	\$1,325,812.92	Pleasant Hill	\$2,137,498.62
Clive (Dallas Co.)	\$1,412,085.75	Urbandale (Dallas Co.)	\$2,197,558.11
Clive (Polk Co.)	\$1,759,344.54	Urbandale (Polk Co.)	\$6,455,689.57
Des Moines (Polk Co.)	\$55,217,166.14	West Des Moines (Dallas Co.)	\$4,275,686.38
Des Moines (Warren Co.)	\$23,129.80	West Des Moines (Polk Co.)	\$7,073,095.07
Grimes (Dallas Co.)	\$5,967.42	West Des Moines (Warren Co.)	\$24,549.52
Grimes (Polk Co.)	\$2,959,640.23	Windsor Heights	\$1,278,277.95
		Total:	\$94,210,810.33

Note: These numbers include adjustment payments to correct for underpayments to most of these jurisdictions in prior fiscal years.



Hotel and Motel Tax

Hotel and Motel Tax (HMT) Overview

- Local tax up to seven percent applied to same transactions subject to state HMT
 - Iowa Code § 423A.4(1)
- May be imposed by any city, county, or land use district
- No specific statutory ballot requirements similar to LOST
- Locally imposed HMT is in addition to the 5% state HMT
 - Deposited in state general fund

Iowa Code § 423A.7: Use of Funds

- Each city or county imposing local HMT shall use at least fifty percent of revenue for “acquisition of sites for, or constructing, improving,... or maintaining of recreation...or entertainment facilities...” including payments on bonds for such facilities.
 - Land use districts must use all local HMT for this purpose.
- The remaining fifty percent may be spent for *any city or county operations authorized by law* as a proper purpose for the expenditure.
- All twelve DART jurisdictions contribute portions of local HMT revenue to [Bravo Greater Des Moines](#)

DART Cities and Local HMT Distributions: FY 2022

City	Payments	City	Payments
Altoona (7%)	\$1,831,495.76	Johnston (7%)	\$348,351.91
Ankeny (7%)	\$1,734,499.47	Pleasant Hill (7%)	\$142,754.69
Bondurant (7%)	\$1,810.13	Polk County (Unincorporated) (7%)	\$356,803.24
Clive (7%)	\$873,267.20	Urbandale (7%)	\$2,054,470.37
Des Moines (7%)	\$7,610,216.15	West Des Moines (7%)	\$4,660,363.58
Grimes (7%)	\$74,542.87	Windsor Heights (7%)	\$10,737.30
Total:			\$19,699,312.67