

February 1, 1963.
Tax Revision.

House File 138
By REPPERT and DENMAN.

Passed House, Date.....

Passed Senate, Date.....

Vote: Ayes..... Nays.....

Vote: Ayes..... Nays.....

Approved.....

A BILL FOR

*Indefinitely
Postponed
2/26/63*

An Act authorizing cities and towns to levy a franchise tax based upon gross revenues upon persons, firms, corporations and associations furnishing and selling gas, electric light and power or telephone service within the corporate limits and occupying the streets, alleys and public places for such purposes, subject to certain conditions, and forbidding the payment of other considerations to cities and towns for such privileges.

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

1 Section 1. Cities and towns shall have power to levy and
2 collect from persons, firms, corporations, and associations
3 furnishing and selling gas, electric light and power, or tele-
4 phone service within the corporate limits of such city and town
5 to the inhabitants thereof and occupying the streets, alleys
6 and public places with their mains, pipes, poles, cables, wires
7 and other facilities for such purposes a franchise tax based
8 upon gross revenues, in an amount not to exceed two (2) percent
9 of the gross revenues received by such persons, firms, corpora-
10 tions and associations from the furnishing and sale of such gas,
11 electric light and power, or telephone service within such
12 corporate limits.

1 Sec. 2. Such franchise tax shall be payable in quarterly or
2 semiannual installments, as such city or town shall provide upon
3 the gross revenues received during the preceding quarterly or
4 semiannual period, and shall be due and payable within thirty (30)
5 days after the end of such period. No such franchise tax shall

6 be imposed under this Act upon gross revenues received prior to
7 January 1, 1964.

1 Sec. 3. Cities and towns levying such franchise taxes may
2 require the filing of reports of gross revenues from the furnish-
3 ing and sale of gas, electric light and power, or telephone serv-
4 ice within the corporate limits by persons, firms, corporations,
5 and associations subject to such taxes, together with such other
6 information as may be reasonably necessary to show the amount of
7 tax due and payable. Cities and towns may make such examination
8 of the books and records of such persons, firms, corporations,
9 associations as may be reasonably necessary to ascertain or verify
10 the amount of such taxes owed by them.

1 Sec. 4. If not paid when due, any franchise tax imposed under
2 the authority of this Act shall bear interest from the due date
3 at the rate of six (6) percent per annum and may be collected by
4 action which may be commenced in the district court in the county
5 in which such city or town is situated. No such action shall be
6 commenced to recover any such tax or interest or any portioner
7 thereof after the expiration of five (5) years from and after the
8 date the same was due and payable. The city or town council shall
9 have power to compromise and settle any claim for franchise tax or
10 interest due and owing to such city or town under this Act and to
11 waive all or any part of such tax or interest.

1 Sec. 5. Any person, firm, corporation, or association sub-
2 jected to franchise tax by any city or town under the authority
3 of this Act shall add the amount of such tax to its billings for
4 gas, electric light and power, or telephone service subject to
5 such tax, and separately state the amount of the franchise tax
6 included in such billings to its customers.

1 Sec. 6. Except as permitted in this Act or as provided by any
2 subsequent amendment or repeal thereof, no city or town shall
3 levy, impose, demand, collect, or receive any occupation tax,
4 franchise tax, rental for use of the streets, alleys and public
5 places, license fee, inspection fee, free service, tax, payment
6 charge, or consideration of any kind or character, whether
7 measured by gross receipts, units of use or installation, or
8 otherwise, and whether payable by any contract, agreement, fran-
9 chise, ordinance or resolution, for the right or privilege of en-
10 gaging in the furnishing, distribution or sale of gas, electric
11 light and power or telephone service within the corporate limits
12 of such city or town for such purposes, nor, except as above pro-
13 vided, shall any person, firm, corporation or association engaged
14 in the furnishing, distribution or sale of gas, electric light
15 and power, or telephone service within the corporate limits fur-
16 nish or pay to any such city or town any such tax, rental, fee,
17 service, payment, charge, or consideration for such right or
18 privilege, under any contract, agreement, franchise, ordinance,
19 resolution, or otherwise. However, nothing contained herein shall
20 be construed to affect in any way the levy and collection of ad
21 valorem taxes by such city or town as authorized by law, or of
22 other taxes of the state as now or hereafter imposed by law.

1 Sec. 7. Nothing herein contained shall impair or alter in any
2 way the provisions of any existing contract, agreement or fran-
3 chise lawfully made or granted prior to the effective date of
4 this Act by any city or town for the use of the streets, alleys,
5 and public places thereof for the furnishing, distribution, or
6 sale of gas, electric light and power, or telephone service but
7 any payments required by such contract, agreement, or franchise

8 or the fair value of any service or other thing of value required
9 to be rendered free to such city or town by the person, firm,
10 corporation, or association engaged in furnishing, distributing,
11 or selling such gas, electric light and power, or telephone serv-
12 ice within such city or town shall, after the effective date of
13 any franchise tax imposed under the authority of this Act, be
14 credited against the amount of the franchise tax thus required
15 to be paid by such person, firm, corporation, or association to
16 such city or town.

EXPLANATION OF HOUSE FILE 138

This bill would authorize cities and towns to levy and collect a franchise tax up to 2 percent of gross revenues from those utilities furnishing gas, electric light and power or telephone service within the corporate limits and using and occupying the streets and public places for such purposes, commencing with gross revenues received January 1, 1964.

Provision is made for the filing of reports and collection of the tax from those subject thereto. To prevent duplication of taxes, cities and towns are forbidden to collect and utilities are forbidden to pay any other similar taxes or payments or to furnish free service to cities and towns for the right or privilege of occupying the streets and public places and furnishing service within the corporate limits. Valid existing franchises or ordinances requiring the making of such payments are not affected, but the amounts thereby required to be paid, or the value of any free service thereby required to be furnished, would be credited against any franchise tax imposed by the city or town under this bill.

This legislation is necessary to permit cities and towns to collect some compensation for the use of their streets by these public utilities.