

a scholarship during the student's first year of eligibility shall be based upon academic achievement and completion of advanced level courses prescribed by the commission. Continuation of the scholarship in subsequent years shall be based upon the student's financial need and the maintenance by the student of a cumulative grade point average of at least a three point zero on a four point zero grading scale or its equivalent.

Sec. 2. Section 261.25, subsection 2, Code Supplement 1987, is amended to read as follows:

2. There is appropriated from the general fund of the state to the commission for each fiscal year the sum of ~~four~~ seven hundred fifty thousand dollars for scholarships.

Sec. 3. Section 261.61, unnumbered paragraph 1, Code 1987, is amended by striking the unnumbered paragraph and inserting in lieu thereof the following:

An individual who graduates from a public or nonpublic high school in this state and meets all of the following requirements is eligible for a supplemental grant:

1. Has successfully completed at least eight units of science and mathematics courses, and at least four of the eight units include sequential mathematics courses at the advanced algebra level or higher, chemistry, advanced chemistry, physics, or advanced physics courses.

2. Attends an eligible institution.

3. Has not received a state scholarship under section 261.2, subsection 4.

Sec. 4. Section 261.63, Code Supplement 1987, is amended to read as follows:

261.63 APPROPRIATION.

Commencing July 1, ~~1987~~ 1988, there is appropriated from the general fund of the state to the commission for each fiscal year the sum of ~~eight~~ four hundred fifty thousand dollars for supplemental grants.

Sec. 5. Section 261.62, Code 1987, is repealed effective July 1, 1989.

Sec. 6. Section 261.63, Code Supplement 1987, as amended by section 4 of this Act, is repealed effective July 1, 1989.

Sec. 7. Section 261.61, Code 1987, as amended by section 3 of this Act, Code 1987, is repealed effective July 1, 1989.

Approved February 15, 1988

CHAPTER 1004

JOINT PURCHASES BY POLITICAL SUBDIVISIONS

S.F. 387

AN ACT directing certain political subdivisions of the state to consider joint purchases of equipment.

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

Section 1. NEW SECTION. 28E.20 JOINT PURCHASES OF EQUIPMENT.

Before a city, county, township, school district, or other political subdivision purchases one or more items of equipment or accessories or attachments to equipment, the total cost of which is estimated to be fifty thousand dollars or more, the city, county, township, school district,

or other political subdivision shall consider making the purchase with another political subdivision of the state under an agreement negotiated under this chapter. The minutes of the governing body initiating the purchase shall state which other governing body or bodies were contacted.

Approved February 18, 1988

CHAPTER 1005

TAXES ON CIGARETTES, LITTLE CIGARS, AND TOBACCO PRODUCTS

H.F. 327

AN ACT increasing the tax on tobacco products and on cigarettes and little cigars and imposing an inventory tax on cigarettes and little cigars, unused tax stamps and metered imprints, granting a one-time credit purchase of cigarette stamps, and providing effective dates.

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

Section 1. Section 98.6, subsection 2, Code 1987, is amended to read as follows:

2. Notwithstanding subsection 1, there is imposed and shall be collected and paid to the department a tax on all cigarettes used or otherwise disposed of in this state for any purpose at the rate of nine mills on each cigarette for the period beginning July 1, 1981 and ending September 30, 1985 and at the rate of thirteen seventeen mills on each cigarette for the period beginning March 1, 1988, and ending June 30, 1989, and at the rate of fifteen and one-half mills on each cigarette beginning October July 1, 1985 1989.

Sec. 2. **NEW SECTION. 98.40 INVENTORY TAX.**

1. All persons required to be licensed under section 98.13 as distributors having in their possession and held for resale on the effective date of an increase in the tax rate cigarettes or little cigars upon which the tax under section 98.6 or 98.43 has been paid, unused cigarette tax stamps which have been paid for under section 98.8, or unused metered imprints which have been paid for under section 98.12 shall be subject to an inventory tax on the items as provided in this section.

2. Persons subject to the inventory tax imposed under this section shall take an inventory as of the close of the business day next preceding the effective date of the increased tax rate of those items subject to the inventory tax for the purpose of determining the tax due. These persons shall report the tax on forms provided by the department of revenue and finance and remit the tax due within thirty days of the prescribed inventory date. The department of revenue and finance shall adopt rules as are necessary to carry out this section.

3. The rate of the inventory tax on each item subject to the tax as specified in subsection 1 is equal to the difference between the amount paid on each item under section 98.6, 98.8, 98.12, or 98.43 prior to the tax increase and the amount that is to be paid on each similar item under section 98.6, 98.8, 98.12, or 98.43 after the tax increase except that in computing the rate of the inventory tax any discount allowed or allowable under section 98.8 shall not be considered.

Sec. 3. Section 98.43, subsections 1 and 2, Code 1987, are amended to read as follows:

1. A tax is imposed upon all tobacco products in this state and upon any person engaged in business as a distributor thereof, at the rate of fifteen nineteen percent of the wholesale