

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

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## 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

sales price of the tobacco products, except little cigars as defined in section 98.42. Little cigars shall be subject to the same rate of tax imposed upon cigarettes in section 98.6, payable at the time and in the manner provided in section 98.6; and stamps shall be affixed as provided in division I of this chapter. The tax on tobacco products, excluding little cigars, shall be imposed at the time the distributor does any of the following:

a. Brings, or causes to be brought, into this state from without the state tobacco products for sale.

b. Makes, manufactures, or fabricates tobacco products in this state for sale in this state.

c. Ships or transports tobacco products to retailers in this state, to be sold by those retailers.

2. A tax is imposed upon the use or storage by consumers of tobacco products in this state, and upon the consumers, at the rate of ~~fifteen~~ nineteen percent of the cost of the tobacco products.

The tax imposed by this subsection shall not apply if the tax imposed by subsection 1 on the tobacco products has been paid.

This tax shall not apply to the use or storage of tobacco products in quantities of:

a. Less than 25 cigars.

b. Less than 10 oz. snuff or snuff powder.

c. Less than 1 lb. smoking or chewing tobacco or other tobacco products not specifically mentioned herein, in the possession of any one consumer.

Sec. 4. Notwithstanding any provision of section 98.8 or of other provisions of chapter 98, during the period beginning March 1, 1988, and ending April 15, 1988, a holder of a state distributor's permit issued under chapter 98 may at the permit holder's option purchase cigarette tax stamps on credit for a period of forty-five days following such purchase. At the end of the forty-five day period the permit holder shall remit the amount due. As a condition for this credit-purchase, the purchase must be made from the department of revenue and finance office in Des Moines, and the permit holder shall provide, at the time of such purchase, a bond to the department of revenue and finance to insure the payment of the face value of the tax stamps at the end of the forty-five day period. A permit holder is entitled to make only one credit purchase under this section.

Sec. 5. Sections 1 and 3 of this Act take effect on March 1, 1988.

Sec. 6. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved February 19, 1988

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## CHAPTER 1006

### NOTARIES PUBLIC

*H.F. 164*

**AN ACT** relating to notaries public.

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

Section 1. Section 77.1, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

#### 77.1 APPOINTMENT.

1. The secretary of state may appoint notaries public and may revoke an appointment for cause.