

701—231.6(453A) Banks authorized to sell stamps—requirements—restrictions.

231.6(1) Authorization. The director has the discretion to allow the sale or distribution of stamps through authorized banks as defined in Iowa Code section 524.103. The authorization of a bank to sell stamps is not a mandatory direction but may be utilized by the director to enhance the efficiency of the tax stamp distribution system. The director will consider the following nonexhaustive list of factors to determine whether or not to authorize a bank to sell stamps:

- a. Geographical location in relation to distributors or manufacturers requesting alternative purchase locations,
- b. The anticipated volume of stamps to be purchased by the requesting distributors or manufacturers,
- c. Access to transportation systems, and
- d. Prior experience with the bank.

231.6(2) Sale of stamps. An authorized bank may sell cigarette stamps only to distributors or manufacturers holding valid permits who have “elected” (as per subrule 231.5(2)) to purchase stamps from that bank. The department shall furnish each bank with a list of all such distributors or manufacturers who have so elected, and the bank shall not sell stamps to persons not on the list. The bank must receive payment in full, less the discount, before selling stamps. A bank is not authorized to accept credit memorandums from distributors or manufacturers.

231.6(3) Stamp inventory. Each bank shall keep an adequate inventory of stamps on hand to supply distributors or manufacturers assigned to said bank for at least six weeks. Stamps will be shipped freight prepaid to the bank from the department or from the supplier of the stamps. The supplier of the stamps shall advise the department at once by mail of a shipment to a bank and the bank shall advise the department at once by mail of the receipt of the stamps. Each bank shall store stamps in a secure vault.

231.6(4) Reports and remittances. Each bank authorized to sell stamps shall forward to the department the invoices, requisitions, and remittances for stamps sold on a daily basis. Each bank shall forward to the department, on the first working day of each month, an inventory report that shall minimally include as to the prior month: the quantity of stamps on hand at the beginning of the month, the quantity of stamps received during the month, the quantity of stamps sold as to each distributor or manufacturer, the quantity of stamps on hand at the end of the month and the signature of the person responsible for the stamps.

231.6(5) Audit. For the purpose of auditing for the end of the fiscal year, no bank shall sell cigarette stamps on the days from June 25 through June 30. With or without notice, the department or a representative designated by the department may take an inventory of stamps and audit stamp sales.

231.6(6) Records. Each bank must retain all records of inventory, stamp receipts, and stamp sales for a period of three years.

231.6(7) Termination of authorization. The director may terminate the authorization of a bank to sell stamps if the bank has failed to comply with the provisions of this rule or Iowa Code chapter 453A or if the director deems it desirable for the efficient distribution of stamps.

a. Notice of termination shall be sent to the bank by certified mail. The bank may appeal the termination determination by filing an appeal pursuant to 701—Chapter 7 within 30 days of notice of termination.

b. A bank may voluntarily terminate the sale of stamps by giving the department 90 days’ written notice.

c. Upon termination, the bank must immediately return all stamps and present a final accounting, along with any remittances, to the department.

This rule is intended to implement Iowa Code sections 453A.8, 453A.12, and 453A.25.

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