

House Amendment 1116

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1 1 Amend House File 555 as follows:
1 2 #1. By striking everything after the enacting
1 3 clause and inserting the following:
1 4 <Section 1. Section 421B.2, subsection 3,
1 5 paragraph b, Code 2007, is amended to read as follows:
1 6 b. The cost of doing business by the retailer is
1 7 presumed to be ~~six~~ eight percent of the basic cost of
1 8 cigarettes in the absence of proof of a lesser or
1 9 higher cost plus the full face value of any stamps
1 10 which may be required by any cigarette tax act of this
1 11 state to the extent not already included in the basic
1 12 cost of cigarettes.
1 13 Sec. 2. Section 421B.2, subsection 4, paragraph b,
1 14 Code 2007, is amended to read as follows:
1 15 b. The cost of doing business by the wholesaler is
1 16 presumed to be ~~three~~ four percent of the basic cost of
1 17 cigarettes in the absence of proof of a lesser or
1 18 higher cost, which includes cartage to the retail
1 19 outlet, plus the full face value of any stamps which
1 20 may be required by any cigarette tax act of this state
1 21 to the extent not already included in the basic cost
1 22 of cigarettes.
1 23 Sec. 3. Section 453A.6, subsection 1, Code 2007,
1 24 is amended to read as follows:
1 25 1. There is imposed, and shall be collected and
1 26 paid to the department, ~~the following taxes~~ a tax on
1 27 all cigarettes used or otherwise disposed of in this
1 28 state for any purpose ~~whatsoever~~.
1 29 ~~CLASS A. On cigarettes weighing not more than~~
1 30 ~~three pounds per thousand, eighteen mills on each such~~
1 31 ~~cigarette.~~
1 32 ~~CLASS B. On cigarettes weighing more than three~~
1 33 ~~pounds per thousand, eighteen mills equal to six and~~
1 34 ~~eight-tenths cents on each such cigarette.~~
1 35 Sec. 4. Section 453A.6, Code 2007, is amended by
1 36 adding the following new subsection:
1 37 NEW SUBSECTION. 7. Cigarettes shall be sold only
1 38 in packages of twenty or more cigarettes.
1 39 Sec. 5. Section 453A.35, Code 2007, is amended to
1 40 read as follows:
1 41 453A.35 TAX AND FEES PAID TO GENERAL FUND ==
1 42 ~~STANDING APPROPRIATION TO HEALTH CARE TRUST FUND.~~
1 43 1. The proceeds derived from the sale of stamps
1 44 and the payment of taxes, fees and penalties provided
1 45 for under this chapter, and the permit fees received
1 46 from all permits issued by the department, shall be
1 47 credited to the general fund of the state. However,
1 48 beginning July 1, 2007, of the revenues generated from
1 49 the tax on cigarettes pursuant to section 453A.6,
1 50 subsection 1, and from the tax on tobacco products as
2 1 specified in section 453A.43, subsections 1, 2, 3, and
2 2 4, and credited to the general fund of the state under
2 3 this subsection, there is appropriated, annually, to
2 4 the health care trust fund created in section
2 5 453A.35A, the first one hundred twenty-seven million
2 6 six hundred thousand dollars.
2 7 2. All permit fees provided for in this chapter
2 8 and collected by cities in the issuance of permits
2 9 granted by the cities shall be paid to the treasurer
2 10 of the city where the permit is effective, or to
2 11 another city officer as designated by the council, and
2 12 credited to the general fund of the city. Permit fees
2 13 so collected by counties shall be paid to the county
2 14 treasurer.
2 15 Sec. 6. NEW SECTION. 453A.35A HEALTH CARE TRUST
2 16 FUND.
2 17 A health care trust fund is created in the office
2 18 of the treasurer of state. The fund consists of the
2 19 revenues generated from the tax on cigarettes pursuant
2 20 to section 453A.6, subsection 1, and from the tax on
2 21 tobacco products as specified in section 453A.43,
2 22 subsections 1, 2, 3, and 4, that are credited to the
2 23 general fund of the state and appropriated to the
2 24 health care trust fund, annually, pursuant to section

2 25 453A.35. Moneys in the fund shall be separate from
2 26 the general fund of the state and shall not be
2 27 considered part of the general fund of the state.
2 28 However, the fund shall be considered a special
2 29 account for the purposes of section 8.53 relating to
2 30 generally accepted accounting principles. Moneys in
2 31 the fund shall be used only as specified in this
2 32 section and shall be appropriated only for the uses
2 33 specified. Moneys in the fund are not subject to
2 34 section 8.33 and shall not be transferred, used,
2 35 obligated, appropriated, or otherwise encumbered,
2 36 except as provided in this section. Notwithstanding
2 37 section 12C.7, subsection 2, interest or earnings on
2 38 moneys deposited in the fund shall be credited to the
2 39 fund.

2 40 Moneys in the fund shall be used only for purposes
2 41 related to health care, substance abuse treatment and
2 42 prevention, and tobacco use prevention, cessation, and
2 43 control.

2 44 Sec. 7. Section 453A.40, subsection 1, Code 2007,
2 45 is amended to read as follows:

2 46 1. All persons required to obtain a permit or to
2 47 be licensed under section 453A.13 as distributors or
2 48 section 453A.44 having in their possession and held
2 49 for resale on the effective date of an increase in the
2 50 tax rate cigarettes, or little cigars, or tobacco
3 1 products upon which the tax under section 453A.6 or
3 2 453A.43 has been paid, unused cigarette tax stamps
3 3 which have been paid for under section 453A.8, or
3 4 unused metered imprints which have been paid for under
3 5 section 453A.12, or tobacco products for which the tax
3 6 has not been paid under section 453A.46 shall be
3 7 subject to an inventory tax on the items as provided
3 8 in this section.

3 9 Sec. 8. Section 453A.42, Code 2007, is amended by
3 10 adding the following new subsection:

3 11 NEW SUBSECTION. 11A. "Snuff" means any finely
3 12 cut, ground, or powdered tobacco that is not intended
3 13 to be smoked.

3 14 Sec. 9. Section 453A.42, subsection 14, Code 2007,
3 15 is amended to read as follows:

3 16 14. "Tobacco products" means cigars; little cigars
3 17 as defined herein; cheroots; stogies; periques;
3 18 granulated, plug cut, crimp cut, ready rubbed, and
3 19 other smoking tobacco; snuff; ~~snuff flour~~; cavendish;
3 20 plug and twist tobacco; fine-cut and other chewing
3 21 tobaccos; shorts; refuse scraps, clippings, cuttings
3 22 and sweepings of tobacco, and other kinds and forms of
3 23 tobacco, prepared in such manner as to be suitable for
3 24 chewing or smoking in a pipe or otherwise, or both for
3 25 chewing and smoking; but shall not include cigarettes
3 26 as defined in section 453A.1, subsection 3.

3 27 Sec. 10. Section 453A.43, Code 2007, is amended to
3 28 read as follows:

3 29 453A.43 TAX ON TOBACCO PRODUCTS.

3 30 1. a. A tax is imposed upon all tobacco products
3 31 in this state and upon any person engaged in business
3 32 as a distributor of tobacco products, at the rate of
3 33 twenty-two percent of the wholesale sales price of the
3 34 tobacco products, except little cigars and snuff as
3 35 defined in section 453A.42.

3 36 b. In addition to the tax imposed under paragraph
3 37 "a", a tax is imposed upon all tobacco products in
3 38 this state and upon any person engaged in business as
3 39 a distributor of tobacco products, at the rate of
3 40 twenty-eight percent of the wholesale sales price of
3 41 the tobacco products, except little cigars and snuff
3 42 as defined in section 453A.42, with the limitation
3 43 that if the tobacco product is a cigar, the additional
3 44 tax shall not exceed fifty cents per cigar.

3 45 c. Little cigars shall be subject to the same rate
3 46 of tax imposed upon cigarettes in section 453A.6,
3 47 payable at the time and in the manner provided in
3 48 section 453A.6; and stamps shall be affixed as
3 49 provided in division I of this chapter. Snuff shall
3 50 be subject to the tax as provided in subsections 3 and

4 1 4.

4 2 d. The ~~tax~~ taxes on tobacco products, excluding
4 3 little cigars and snuff, shall be imposed at the time
4 4 the distributor does any of the following:

4 5 a- (1) Brings, or causes to be brought, into this

4 6 state from ~~without~~ outside the state tobacco products
4 7 for sale.

4 8 ~~b.~~ (2) Makes, manufactures, or fabricates tobacco
4 9 products in this state for sale in this state.

4 10 ~~c.~~ (3) Ships or transports tobacco products to
4 11 retailers in this state, to be sold by those
4 12 retailers.

4 13 2. a. A tax is imposed upon the use or storage by
4 14 consumers of tobacco products in this state, and upon
4 15 the consumers, at the rate of twenty-two percent of
4 16 the cost of the tobacco products.

4 17 b. In addition to the tax imposed in paragraph
4 18 "a", a tax is imposed upon the use or storage by
4 19 consumers of tobacco products in this state, and upon
4 20 the consumers, at a rate of twenty-eight percent of
4 21 the cost of the tobacco products, with the limitation
4 22 that if the tobacco product is a cigar, the additional
4 23 tax shall not exceed fifty cents per cigar.

4 24 c. The ~~tax~~ taxes imposed by this subsection shall
4 25 not apply if the ~~tax~~ taxes imposed by subsection 1 on
4 26 the tobacco products ~~has~~ have been paid.

4 27 d. ~~This tax~~ The taxes imposed under this
4 28 subsection shall not apply to the use or storage of
4 29 tobacco products in quantities of:

4 30 a. (1) Less than ~~25~~ twenty-five cigars.

4 31 b. ~~Less than 10 oz. snuff or snuff powder.~~

4 32 c. (2) Less than ~~1 lb.~~ one pound smoking or
4 33 chewing tobacco or other tobacco products not
4 34 specifically mentioned herein, in the possession of
4 35 any one consumer.

4 36 3. A tax is imposed upon all snuff in this state
4 37 and upon any person engaged in business as a
4 38 distributor of snuff at the rate of one dollar and
4 39 nineteen cents per ounce, with a proportionate tax at
4 40 the same rate on all fractional parts of an ounce of
4 41 snuff. The tax shall be computed based on the net
4 42 weight listed by the manufacturer. The tax on snuff
4 43 shall be imposed at the time the distributor does any
4 44 of the following:

4 45 a. Brings or causes to be brought into this state
4 46 from outside the state, snuff for sale.

4 47 b. Makes, manufactures, or fabricates snuff in
4 48 this state for sale in this state.

4 49 c. Ships or transports snuff to retailers in this
4 50 state, to be sold by those retailers.

5 1 4. A tax is imposed upon the use or storage by
5 2 consumers of snuff in this state, and upon the
5 3 consumers, at the rate of one dollar and nineteen
5 4 cents per ounce with a proportionate tax at the same
5 5 rate on all fractional parts of an ounce of snuff.
5 6 The tax shall be computed based on the net weight as
5 7 listed by the manufacturer.

5 8 The tax imposed by this subsection shall not apply
5 9 if the tax imposed by subsection 3 on snuff has been
5 10 paid.

5 11 The tax shall not apply to the use or storage of
5 12 snuff in quantities of less than ten ounces.

5 13 ~~3.~~ 5. Any tobacco product with respect to which a
5 14 tax has once been imposed under this division shall
5 15 not again be subject to tax under ~~said~~ this division,
5 16 except as provided in section 453A.40.

5 17 ~~4.~~ 6. The tax imposed by this section shall not
5 18 apply with respect to any tobacco product which under
5 19 the Constitution and laws of the United States may not
5 20 be made the subject of taxation by this state.

5 21 ~~5.~~ 7. The tax imposed by this section shall be in
5 22 addition to all other occupation or privilege taxes or
5 23 license fees now or hereafter imposed by any city or
5 24 county.

5 25 ~~6.~~ 8. All excise taxes collected under this
5 26 chapter by a distributor or any individual are deemed
5 27 to be held in trust for the state of Iowa.

5 28 Sec. 11. APPLICABILITY. Notwithstanding section
5 29 453A.40 as amended in this Act, persons required to
5 30 obtain a permit or license as specified in that
5 31 section shall not be subject to an inventory tax on
5 32 the items as provided in that section as a result of
5 33 the tax increases provided in this Act.

5 34 Sec. 12. EFFECTIVE DATE. This Act, being deemed
5 35 of immediate importance, takes effect upon enactment.>

5 36 #2. Title page, by striking lines 1 through 4 and

5 37 inserting the following: <An Act relating to an
5 38 increase in the taxes on cigarettes and tobacco
5 39 products, imposing an inventory tax on tobacco
5 40 products, creating a health care trust fund, providing
5 41 for a standing appropriation, and providing an
5 42 effective date and providing an applicability
5 43 provision.>
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5 47 JOCHUM of Dubuque
5 48 HF 555.203 82
5 49 pf/es/7678