

MAR 1 1973

Place On Calendar

HOUSE FILE 328

By COMMITTEE ON WAYS AND MEANS

*Passed as amended by  
Senate and further  
amended by House 4-4-73, 88-6*

*as further amended  
by House 4-5-73 (787)*

Passed House, Date 3-19-73 (546)

Passed Senate, Date 3-26-73 (661)

Vote: Ayes 81 Nays 9

Vote: Ayes 48 Nays 0

Approved H-26-73

### A BILL FOR

- 1 An Act to increase the tax on little cigars.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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*Proof of Publication 5/15 (1270)  
Dallas County News, Adel 5/2/73  
Clinton Herald, Clinton 5/3/73*

1 Section 1. Section ninety-eight point forty-two (98.42),  
2 subsection one (1), Code 1973, is amended to read as follows:

3 1. "Tobacco products" means cigars; little cigars as  
4 defined herein; cheroots; stogies; periques; granulated,  
5 plug cut, crimp cut, ready rubbed, and other smoking tobacco;  
6 snuff; snuff flour; cavendish; plug and twist tobacco; fine-  
7 cut and other chewing tobaccos; shorts; refuse scraps,  
8 clippings, cuttings and sweepings to tobacco, and other  
9 kinds and forms of tobacco, prepared in such manner as to be  
10 suitable for chewing or smoking in a pipe or otherwise, or  
11 both for chewing and smoking; but shall not include cigar-  
12 ettes as defined in section 98.1, subsection 1.

13 Sec. 2. Section ninety-eight point forty-two (98.42),  
14 Code 1973, is amended by adding the following new subsection:

15 NEW SUBSECTION. "Little cigar" means any roll for smoking  
16 which:

- 17 (a) Is made wholly or in part of tobacco, irrespective of  
18 size or shape and irrespective of tobacco being  
19 flavored, adulterated, or mixed with any other  
20 ingredient;
- 21 (b) Is not a cigarette as defined in section ninety-eight  
22 point one (98.1), subsection one (1) of the Code; and
- 23 (c) Either weighs not more than three pounds per thousand,  
24 irrespective of retail price, or weighs more than three  
25 pounds per thousand and has a retail price of not more  
26 than two and one-half cents per little cigar. For  
27 purposes of this subsection, the retail price is the  
28 ordinary retail price in this state, not including  
29 retail sales tax, use tax, or the tax on little cigars  
30 imposed by section ninety-eight point forty-three  
31 (98.43) of the Code.

32 Sec. 3. Section ninety-eight point forty-three (98.43),  
33 subsection one (1), Code 1973, is amended to read as follows:

34 1. A tax is hereby imposed upon all tobacco products in  
35 this state and upon any person engaged in business as a

1 distributor thereof, at the rate of ten percent of the whole-  
 2 sale sales price of such tobacco products except little cigars  
 3 as defined in section ninety-eight point forty-two (98.42) of  
 4 the Code. Little cigars shall be subject to the same rate of  
 5 tax imposed upon cigarettes in section ninety-eight point  
 6 six (98.6) of the Code, payable at the time and in the manner  
 7 provided in section ninety-eight point six (98.6) of the Code;  
 8 and stamps shall be affixed as provided in division one (I) of  
 9 this chapter. Such-tax The tax on tobacco products, excluding  
 10 little cigars, shall be imposed at the time the distributor  
 11 (a) brings, or causes to be brought, into this state from  
 12 without the state tobacco products for sale; (b) makes,  
 13 manufactures, or fabricates tobacco products in this state  
 14 for sale in this state; or (c) ships or transports tobacco  
 15 products to retailers in this state, to be sold by those  
 16 retailers.

17 Sec. 4. Thirty days after the effective date of this Act  
 18 all little cigars as defined in this Act located in retail  
 19 establishments shall bear an indicium or stamp indicating  
 20 that the tax has been paid.

#### 21 EXPLANATION

22 This bill defines little cigars. The bill also imposes  
 23 a tax upon little cigars identical to the tax on cigarettes  
 24 and requires little cigars to be stamped the same as  
 25 cigarettes. This bill is necessary to prevent evasion of  
 26 the cigarette tax by products which are called "little  
 27 cigars" but which are designed to compete with cigarettes.

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FISCAL NOTE  
HOUSE FILE 328

Date prepared March 7, 1973

Requested by Representative Stanley.

Prepared in regard to H.F. 328 - An Act to increase the tax on little cigars. Following is the fiscal effect in dollars of the legislative proposal as required by House Rule 48.

No estimate available. There are no figures available at this time as to the number of sales of little cigars.

Source: Department of Revenue.

Filed  
March 8, 1973

GERRY D. RANKIN  
Legislative Fiscal Director

SENATE AMENDMENT TO HOUSE FILE 328

- 1 Amend House File 328, page 3, by adding after line 20  
the  
2 following new section:  
3 Sec. 5. This Act, being deemed of immediate  
importance,  
4 shall take effect and be in force from and after its  
publica-  
5 tion in the Dallas County News, a newspaper published  
in Adel,  
6 Iowa, and in the Clinton Herald, a newspaper  
published in  
7 Clinton, Iowa

Received from the Senate  
March 28, 1973

*Adopted as amended by H-244 4/4*

H-244

- 1 Amend the Senate amendment to House File 328 by  
2 striking lines 2 and 3 of the Senate amendment and  
3 inserting in lieu thereof the following:  
4 "following new sections:  
5 Sec. 5. For the purpose of this Act, the  
6 department of revenue may use any denomination of  
7 cigarette stamps available on a temporary basis until  
8 stamps in compliance with division one (1) of chapter  
9 ninety-eight (98) of the Code are available.  
10 Sec. 6. This Act, being deemed of immediate  
importance,".

H-244 Filed - *adopted 4/4*  
April 2, 1973

By STANLEY of Muscatine  
DEN HERDER of Sioux

Amend House File 328, page 3, after line 20, by  
Tr: adding  
2 the following new section:  
3 Sec. 5. This Act, being deemed of immediate  
4 shall take effect and be in force from and after its importance,  
5 tion in the Dallas County News, a newspaper published publica-  
6 Iowa, and in the Clinton Herald, a newspaper published in Adel,  
7 Clinton, Iowa. in

S-277 Filed. *Adopted 3/26* By RODGERS and SHAFF  
March 22, 1973

HOUSE AMENDMENT TO SENATE AMENDMENT TO HOUSE FILE 328

1 Amend the Senate amendment to House File 328 by  
2 striking lines 2 and 3 of the Senate amendment and in-  
3 serting in lieu thereof the following:  
4 "following new sections:  
5 Sec. 5. For the purposes of this Act, the depart-  
6 ment of revenue may use any denomination of cigarette  
7 stamps available on a temporary basis until stamps in  
8 compliance with division one (1) of chapter ninety-eight  
9 (98) of the Code are available.  
10 Sec. 6. This Act, being deemed of immediate importance,".

Received from the House  
April 4, 1973

*Senate concurred 4/5*