

FILED FEB 20 1974
Way and Means 3/5, Pass 4/24

SENATE FILE 1213
By COMMITTEE ON WAYS AND MEANS

Passed Senate, Date 2-28-74 (576) Passed House, Date 4-26-74 (2166)
Vote: Ayes 39 Nays 2 Vote: Ayes 84 Nays 0
Approved 6-3-74
Repealed Senate for these amendments 5-3-74 (1950) 42-2 *Motion to reconsider filed 4-29, prevailed 5-1*
Repealed House 5-1-74 (2265) 91-0

A BILL FOR

1 An Act relating to manufacturer's samples of cigarettes and
2 little cigars.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4 Section 1. Section ninety-eight point thirty-nine (98.39),
5 Code 1973, is amended to read as follows:

6 98.39 MANUFACTURER'S SAMPLES. The director may authorize
7 a manufacturer to distribute in the state through his factory
8 representative, free sample packages of cigarettes or little
9 cigars containing ~~five~~ four cigarettes or little cigars or
10 less, ~~when such individual packages bear a stamp equal to~~
11 ~~the tax herein imposed.~~ Such packages of cigarettes or little
12 cigars shall be shipped to a distributor that has a permit to
13 stamp cigarettes or little cigars with Iowa tax. The man-
14 ufacturer shipping cigarettes or little cigars under this
15 section shall send an affidavit to the director stating the
16 quantity and to whom the cigarettes or little cigars were
17 shipped. The distributor receiving the shipment shall send
18 an affidavit to the director stating the quantity and from
19 whom the cigarettes or little cigars were shipped. These
20 affidavits shall be duly notarized and submitted to the di-
21 rector at time of shipment and receipt of cigarettes or little
22 cigars. The distributor shall pay the tax on sample cigarettes
23 or little cigars by separate remittance along with the affi-
24 davit. An acknowledgment in a form prescribed by the di-
25 rector that the tax has been paid shall be placed by the

1 distributor on each carton of sample cigarettes or little
2 cigars before distribution of sample cigarettes or little
3 cigars. Such packages shall bear the word "Sample" in
4 letters easily read. Such authority granted under
5 this section for disbursement and payment of sample packages
6 may be withdrawn at any time in the discretion of the director.

7 EXPLANATION

8 This bill eliminates the requirement to carry an inventory
9 of stamps for sample cigarettes or little cigars. This
10 creates an administrative savings for both the Department
11 of Revenue and the Comptroller's Office. It is difficult
12 to determine the amount of inventory of sample cigarette
13 or little cigar stamps because of the fluctuating market
14 for these types of cigarettes or little cigars. In the
15 bill, there is a check and balance system enabling the De-
16 partment to maintain control on what sample cigarettes or
17 little cigars are shipped into and received within the state.
18 Iowa is one of six states which has the requirement for sample
19 cigarette or little cigar stamps. The other states' re-
20 quirements are similar to this proposed bill.

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HOUSE AMENDMENT TO SENATE FILE 1213

1 Amend Senate File 1213, as passed by the Senate, as
2 follows:
3 1. Page 1, by inserting after line 3 the following:
4 "Section _____. Section ninety-eight point fourteen (98.14),
5 subsection one (1), Code 1973, is amended to read as
6 follows:
7 1. No ~~retail-permit, state permit, or manufacturer's~~
8 permit shall be issued until the applicant therefor shall file
9 a bond, with good and sufficient surety, to be approved by the
10 director ~~or-the-body-granting-the-permit,~~ which bond shall be
11 in favor of the state ~~and-for-the-benefit-of-the-county,-city,~~
12 ~~or-town,-as-the-case-may-be,~~ and conditioned upon the payment
13 of taxes, damages, fines, penalties, and costs adjudged against
14 the permit holder for violation of any of the provisions of
15 this chapter.
16 Said bonds shall be on forms prescribed by the director
17 and in the following amounts:
18 a- ~~---Retail-permit,-not-less-than-five-hundred-dollars-~~
19 b- a. State permit, not less than five hundred dollars.
20 c- b. Manufacturer's permit, not less than five thousand
21 dollars."
22 2. Amend the Title, page 1, line 2, by inserting after
23 the word "cigars" the words "and repealing the retailers'
24 cigarette bond".

Received from the House
May 2, 1974

H-2995

1 Amend Senate File 1213, as passed by the Senate, as
2 follows:
3 1. Page 1, by inserting after line 3 the following:
4 "Section _____. Section ninety-eight point fourteen
5 (98.14), subsection one (1), Code 1973, is amended to
6 read as follows:
7 1. No ~~retail-permit, state permit, or manufacturer's~~
8 permit shall be issued until the applicant therefor
9 shall file a bond, with good and sufficient surety,
10 to be approved by the director ~~or-the-body-granting~~
11 ~~the-permit,~~ which bond shall be in favor of the state
12 ~~and-for-the-benefit-of-the-county,-city,-or-town,-as~~
13 ~~the-case-may-be,~~ and conditioned upon the payment of
14 taxes, damages, fines, penalties, and costs adjudged
15 against the permit holder for violation of any of the
16 provisions of this chapter.
17 Said bonds shall be on forms prescribed by the
18 director and in the following amounts:
19 a- ~~---Retail-permit,-not-less-than-five-hundred~~
20 ~~dollars-~~
21 b- a. State permit, not less than five hundred
22 dollars.
23 c- b. Manufacturer's permit, not less than five
24 thousand dollars."
25 2. Amend the Title, page 1, line 2, by inserting
26 after the word "cigars" the words "and repealing the
27 retailers' cigarette bond".

H-2995 Filed *Revised not germane 4/26* By KRAUSE of Palo Alto
April 24, 1974 *Revised to conform to new rules 4/29, prevailed, considered and adopted 5/1*