

FEB 26 1975

WAYS & MEANS CALENDAR

Reprinted 3-10-75

HOUSE FILE 317

By COMMITTEE ON WAYS AND MEANS

Passed House, Date 3-4-75 (503) Passed Senate, Date _____
 Vote: Ayes 79 Nays 17 Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to the definitions of cigarette and package of
2 cigarettes.

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

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1 Section 1. Section ninety-eight point one (98.1),
2 subsections one (1) and two (2), Code 1975, are amended to
3 read as follows:

4 1. "Cigarette" ~~shall-mean-and-include~~ means any roll for
5 smoking made wholly or in part of tobacco, or any substitute
6 for tobacco, irrespective of size or shape and irrespective
7 of tobacco or any substitute for tobacco being flavored,
8 adulterated, or mixed with any other ingredient, where such
9 roll has a wrapper or cover made of paper or any other
10 material. Provided the definition herein shall not be
11 construed to include cigars. ~~Excepting-where-the-context~~
12 ~~clearly-shows-that-cigarettes-alone-are-intended,-the-term~~
13 ~~"cigarettes"-shall-mean-and-include-cigarettes,-cigarette~~
14 ~~papers-or-wrappers,-and-tubes-upon-which-a-tax-is-imposed~~
15 ~~by-section-98-6-~~

16 2. "Individual packages of cigarettes" shall mean and
17 include every package of cigarettes ordinarily sold at retail,
18 ~~and-shall-include-any-and-every-package-of-cigarettes-upon~~
19 ~~which-a-federal-stamp-or-token-is-required.~~ "Packages-of
20 cigarettes"-~~shall-also-include-books-and-sets-of-papers,~~
21 ~~wrappers,-or-tubes-~~

22 EXPLANATION

23 This bill amends the definition of cigarette to include
24 substitutes for tobacco which may be used in a roll for smoking
25 and to exclude references to cigarette papers, wrappers and
26 tubes which are not taxed. The definition for individual
27 packages of cigarettes is also amended to exclude references
28 to federal stamps or tokens which are no longer required by
29 the federal government.

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FISCAL NOTE
HOUSE FILE 317

Date Prepared February 17, 1975

Requested by Committee on Ways and Means
Prepared in regard to H.F. 317, An Act relating to the definition of cigarette and cigarette packages. Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16:

LSB 626 would have no fiscal effect on revenues at this time. However, future revenues may be effected because of the many synthetic substitutes for tobacco that manufacturers are experimenting with today. This bill could keep future revenues from decreasing significantly.

Source: Department of Revenue

FILED
FEBRUARY 26, 1975

GERRY D. RANKIN
Legislative Fiscal Director

FISCAL NOTE
HOUSE FILE 317

Date Prepared February 24, 1975

Requested by Representative W. W. (Bill) Dieleman
Prepared in regard to H.F. 317, An Act relating to taxation of cigarettes. Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16:

H. F. 317 would have no fiscal effect on revenues at this time. However, future revenues may be effected because of the many synthetic substitutes for tobacco that manufacturers are experimenting with today. This bill could keep future revenues from decreasing significantly.

The bill also provides the director of revenue with flexibility to sell cigarette stamps in larger quantities such as books of one thousand stamps, rolls of thirty thousand stamps or in other quantities authorized by the director and that refunds will be made on unused cigarette stamps or proof of legitimate losses.

Since most distributors are now purchasing state stamps in the manner described above there would be no significant fiscal effect. Also, since refunds under this proposal are made only on the unused portion of cigarette stamps or proof of legitimate losses (discount being deducted from any such refund) there would be no fiscal effect.

Source: Department of Revenue

FILED
FEBRUARY 28, 1975

GERRY D. RANKIN
Legislative Fiscal Director

H-3176

Amend House File 317 as follows:

1. Page 1, by inserting after line 21 the following:

"Sec. 2. Section ninety-eight point eight (98.8), Code 1975, is amended to read as follows:

98.8 SALE AND EXCHANGE OF STAMPS.

1. Stamps shall be sold by and purchased from the department only. The department shall sell stamps to the holder of a state ~~or manufacturer's~~ distributor's permit which has not been revoked and to no other person. Stamps shall be sold to such permit holders at a discount of not to exceed five percent from the face value. Stamps shall be sold in unbroken sheets books of one hundred-stamps-only thousand stamps, unbroken rolls of thirty thousand stamps, or unbroken lots of any other form authorized by the director.

2. Orders for cigarette tax stamps, including the payment for such stamps, shall be sent direct to the department ~~which shall invoice the stamps ordered to the purchaser upon a form of invoice on~~ a form to be prescribed by the director.

3. ~~Stamps in unbroken sheets of one hundred stamps may be exchanged with the department for stamps of a different denomination.~~ The department may make refunds on unused stamps to the person who purchased said stamps at a price equal to the amount paid for such stamps when proof satisfactory to the department is furnished that any stamps upon which a refund is requested were properly purchased from the department and paid for by the person requesting such refund. In making such refund, the department shall prepare a voucher showing the amount of refund due and to whom payable and the comptroller shall then issue a warrant upon order of the director to pay such refund out of any funds in the state treasury not otherwise appropriated.

The director may promulgate rules and regulations providing for refunds of the face value of stamps, less any discount, affixed to any cigarettes which have become unfit for use and consumption, unsalable, or for any other legitimate loss which may occur, upon proof of such loss. Refund shall be made by ~~issuing new stamps of an aggregate value of the tax paid on the cigarettes adjudged to be unfit for use, consumption, unsalable, or any other loss suffered~~ in the same manner as provided for unused stamps.

4. The department may in the enforcement of this chapter recall any stamps which have been sold by the department and which have not been used, and the

PAGE 3
MARCH 3, 1975

Page 2

1 department shall, upon receipt of such recalled stamps,
2 issue ~~stamps of other serial numbers therefor~~ a refund
3 for tax stamps surrendered for the face value of the
4 stamps less the amount of the discount. The purchaser
5 of any stamps shall be required to surrender any
6 unused stamps for exchange refund upon demand of the
7 department.

8 5. The department shall keep a record of all
9 stamps sold ~~or exchanged~~ by the department and of
10 all refunds made by the department."

11 2. Amend the title, line 1, by striking the words
12 "definitions of" and inserting in lieu thereof the
13 words "taxation of cigarettes by providing for the
14 sale and exchange of cigarette stamps and defining".

H-3176 FILED *Filed not germane rules* BY COMMITTEE ON WAYS AND MEANS
FEBRUARY 28, 1975 *suspended, Adopted* NORLAND of Worth, Chairman
3/4 (502)

See Ways and Means 3/12, Page 5/7

House File 317
Ways and Means
Lamborn, Chairman 10, 1975
Culver
Hill of Jasper

HOUSE FILE 317

By COMMITTEE ON WAYS AND MEANS

(AS AMENDED AND PASSED BY THE HOUSE)

Passed House, Date *3-4-75 (523)* Passed Senate, Date *5-9-75 (1327)*

Vote: Ayes *79* Nays *17* Vote: Ayes *36* Nays *1*

Approved *6-3-75*

A BILL FOR

- 1 An Act relating to the taxation of cigarettes by
- 2 providing for the sale and exchange of cigarette
- 3 stamps and defining cigarette and package of
- 4 cigarettes.
- 5 *Be It Enacted by the General Assembly of the State of Iowa:*

1 Section 1. Section ninety-eight point one (98.1),
2 subsections one (1) and two (2), Code 1975, are amended to
3 read as follows:

4 1. "Cigarette" [shall mean and include] *means* any roll for
5 smoking made wholly or in part of tobacco, *or any substitute*
6 *for tobacco*, irrespective of size or shape and irrespective
7 of tobacco *or any substitute for tobacco* being flavored,
8 adulterated, or mixed with any other ingredient, where such
9 roll has a wrapper or cover made of paper or any other
10 material. Provided the definition herein shall not be
11 construed to include cigars. [Excepting where the context
12 clearly shows that cigarettes alone are intended, the term
13 "cigarettes" shall mean and include cigarettes, cigarette
14 papers or wrappers, and tubes upon which a tax is imposed
15 by section 98.6.]

16 2. "Individual packages of cigarettes" shall mean and
17 include every package of cigarettes ordinarily sold at retail[,
18 and shall include any and every package of cigarettes upon
19 which a federal stamp or token is required]. ["Packages of
20 cigarettes" shall also include books and sets of papers,
21 wrappers, or tubes.]

22 Sec. 2. Section ninety-eight point eight (98.8), Code
23 1975, is amended to read as follows:

24 98.8 SALE AND EXCHANGE OF STAMPS.

25 1. Stamps shall be sold by and purchased from the
26 department only. The department shall sell stamps to the
27 holder of a state [or manufacturer's] *distributor's* permit
28 which has not been revoked and to no other person. Stamps
29 shall be sold to such permit holders at a discount of not
30 to exceed five percent from the face value. Stamps shall
31 be sold in unbroken [sheets] *books* of one [hundred stamps only]
32 *thousand stamps, unbroken rolls of thirty thousand stamps,*
33 *or unbroken lots of any other form authorized by the*
34 *director.*

35 2. Orders for cigarette tax stamps, *including the payment*

36 *for such stamps*, shall be sent direct to the department
37 [which shall invoice the stamps ordered to the purchaser upon
38 a form of invoice] *on a form* to be prescribed by the director.
39 3. [Stamps in unbroken sheets of one hundred stamps may be
40 exchanged with the department for stamps of a different
41 denomination.] The department may make refunds on unused
42 stamps to the person who purchased said stamps at a price equal
43 to the amount paid for such stamps when proof satisfactory to
44 the department is furnished that any stamps upon which a refund
45 is requested were properly purchased from the department and
46 paid for by the person requesting such refund. In making such
47 refund, the department shall prepare a voucher showing the
48 amount of refund due and to whom payable and the comptroller
49 shall then issue a warrant upon order of the director to pay
50 such refund out of any funds in the state treasury not
51 otherwise appropriated.

52 The director may promulgate rules and regulations
53 providing for refunds of the face value of stamps, *less any*
54 *discount*, affixed to any cigarettes which have become unfit
55 for use and consumption, unsalable, or for any other
56 legitimate loss which may occur, upon proof of such loss.
57 Refund shall be made [by issuing new stamps of an aggregate
58 value of the tax paid on the cigarettes adjudged to be unfit
59 for use, consumption, unsalable, or any other loss suffered]
60 *in the same manner as provided for unused stamps*.

61 4. The department may in the enforcement of this chapter
62 recall any stamps which have been sold by the department and
63 which have not been used, and the department shall, upon
64 receipt of such recalled stamps, issue [stamps of other serial
65 numbers therefor] *a refund for tax stamps surrendered for the*
66 *face value of the stamps less the amount of the discount*. The
67 purchaser of any stamps shall be required to surrender any
68 unused stamps for [exchange] *refund* upon demand of the
69 department.

70 5. The department shall keep a record of all stamps sold

71 [or exchanged] by the department and of all refunds made by the
72 department.

73 EXPLANATION

74 This bill amends the definition of cigarette to include
75 substitutes for tobacco which may be used in a roll for smoking
76 and to exclude references to cigarette papers, wrappers and
77 tubes which are not taxed. The definition for individual
78 packages of cigarettes is also amended to exclude references
79 to federal stamps or tokens which are no longer required by
80 the federal government.

AN ACT

RELATING TO THE TAXATION OF CIGARETTES BY PROVIDING FOR THE SALE AND EXCHANGE OF CIGARETTE STAMPS AND DEFINING CIGARETTE AND PACKAGE OF CIGARETTES.

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

Section 1. Section ninety-eight point one (98.1), subsections one (1) and two (2), Code 1975, are amended to read as follows:

1. "Cigarette" ~~shall mean and include~~ means any roll for smoking made wholly or in part of tobacco, or any substitute for tobacco, irrespective of size or shape and irrespective of tobacco or any substitute for tobacco being flavored, adulterated, or mixed with any other ingredient, where such roll has a wrapper or cover made of paper or any other material. Provided the definition herein shall not be construed to include cigars. ~~Excepting where the context clearly shows that cigarettes alone are intended, the term "cigarettes" shall mean and include cigarettes, cigarette papers or wrappers, and tubes upon which a tax is imposed by section 98.6.~~

2. "Individual packages of cigarettes" shall mean and include every package of cigarettes ordinarily sold at retail, ~~and shall include any and every package of cigarettes upon which a federal stamp or token is required. "Packages of cigarettes" shall also include books and sets of papers, wrappers, or tubes.~~

Sec. 2. Section ninety-eight point eight (98.8), Code 1975, is amended to read as follows:

98.8 SALE AND EXCHANGE OF STAMPS.

1. Stamps shall be sold by and purchased from the department only. The department shall sell stamps to the

holder of a state ~~or manufacturer's~~ distributor's permit which has not been revoked and to no other person. Stamps shall be sold to such permit holders at a discount of not to exceed five percent from the face value. Stamps shall be sold in unbroken sheets books of one hundred stamps only thousand stamps, unbroken rolls of thirty thousand stamps, or unbroken lots of any other form authorized by the director.

2. Orders for cigarette tax stamps, including the payment for such stamps, shall be sent direct to the department ~~which shall invoice the stamps ordered to the purchaser upon a form of invoice on a form~~ to be prescribed by the director.

3. ~~Stamps in unbroken sheets of one hundred stamps may be exchanged with the department for stamps of a different denomination.~~ The department may make refunds on unused stamps to the person who purchased said stamps at a price equal to the amount paid for such stamps when proof satisfactory to the department is furnished that any stamps upon which a refund is requested were properly purchased from the department and paid for by the person requesting such refund. In making such refund, the department shall prepare a voucher showing the amount of refund due and to whom payable and the comptroller shall then issue a warrant upon order of the director to pay such refund out of any funds in the state treasury not otherwise appropriated.

The director may promulgate rules and regulations providing for refunds of the face value of stamps, less any discount, affixed to any cigarettes which have become unfit for use and consumption, unsalable, or for any other legitimate loss which may occur, upon proof of such loss. Refund shall be made ~~by issuing new stamps of an aggregate value of the tax paid on the cigarettes adjudged to be unfit for use, consumption, unsalable, or any other loss suffered in the same manner as provided for unused stamps.~~

4. The department may in the enforcement of this chapter recall any stamps which have been sold by the department and

which have not been used, and the department shall, upon receipt of such recalled stamps, issue ~~stamps-of-other-serial numbers-therefor~~ a refund for tax stamps surrendered for the face value of the stamps less the amount of the discount.

The purchaser of any stamps shall be required to surrender any unused stamps for exchange refund upon demand of the department.

5. The department shall keep a record of all stamps sold ~~or-exchanged~~ by the department and of all refunds made by the department.

DALE M. COCHRAN
Speaker of the House

ARTHUR A. NEU
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 317, Sixty-sixth General Assembly.

DAVID L. WRAY
Chief Clerk of the House

Approved 6/3, 1975

ROBERT D. RAY
Governor