

FILED MAY 4 1983

Reprinted 5/10/83

SENATE FILE 543

BY COMMITTEE ON FINANCE

Approved 5/4/83 (J. 1536)

Passed Senate, Date 5-6-83 (J. 1569)

Passed House, Date 5-11-83 (P. 2042)

Vote: Ayes 29 Nays 18

Vote: Ayes 83 Nays 15

Approved JUNE 1, 1983

Waters to remainder (J. 1577) w/ 5/9/83

A BILL FOR

1 An Act relating to cigarettes and little cigars by striking
 2 language which terminates the temporary tax increase
 3 imposed on cigarettes and little cigars and makes the
 4 tax permanent and which terminates the two percent
 5 discount rate for the sale of cigarette stamps.

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

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S.F. 543

1 Section 1. 1981 Iowa Acts, chapter 43, section 1, amending
2 section 98.6, is amended to read as follows:

3 SECTION 1. Section 98.6, Code 1981, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. Notwithstanding subsection 1, there is
6 imposed ~~for-the-fiscal-biennium~~ beginning July 1, 1981 and
7 ~~ending-June-30-1983~~ and shall be collected and paid to the
8 department a tax on all cigarettes used or otherwise disposed
9 of in this state for any purpose at the rate of nine mills
10 on each cigarette which shall not be considered as part of
11 the basic cost of cigarettes as defined in section 551A.2.

12 Sec. 2. 1981 Iowa Acts, chapter 43, section 2, amending
13 section 98.8, subsection 1, Code 1981, is amended to read
14 as follows:

15 1. Stamps shall be sold by and purchased from the
16 department. The department shall sell stamps to the holder
17 of a state distributor's permit which has not been revoked
18 and to no other person. Stamps shall be sold to the permit
19 holders at a discount of not to exceed five percent of the
20 face value. However, ~~for-the-fiscal-biennium~~ beginning July
21 1, 1981 ~~and-ending-June-30-1983~~, stamps shall be sold to
22 permit holders at a discount of two percent of the face value.
23 Stamps shall be sold in unbroken books of one thousand stamps,
24 unbroken rolls of thirty thousand stamps, or unbroken lots
25 of any other form authorized by the director.

26 EXPLANATION

27 In 1981 a temporary tax was imposed upon cigarettes and
28 little cigars and a type of sunset provision was provided.
29 This section was not codified in section 98.6 because of its
30 temporary nature. This bill strikes language which sunsets
31 that temporary provision and makes the tax permanent. Making
32 permanent this section will also make permanent the exclusion
33 of the cigarette tax from being a part of the basic cost.

34 Also in 1981 subsection 1 of section 98.8 was amended to
35 provide for a two percent discount for the sale of cigarette

1 stamps, however a type of sunset provision was inserted and
2 the two percent discount will expire July 1, 1983 unless
3 changed by the general assembly. The sentence providing for
4 the two percent discount was not codified in the 1983 Code
5 because it is not of a permanent nature and will expire by
6 its own terms unless changed by the general assembly. This
7 bill amends the temporary two percent provision to make it
8 extend beyond its sunset date by amending the 1981 session
9 laws. The effect is to make the two percent permanent by
10 striking the sunset language.

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SENATE FILE 543

FISCAL NOTE

REQUESTED BY SENATOR PALMER

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 543 pursuant to Joint Rule 17.

Senate File 543 has the following provisions:

The bill makes permanent as of July 1, 1983 the tax rate of nine mills on each cigarette and little cigar contained in the law enacted in the 1981 Session. Under the law, the nine-mill rate would revert on July 1, 1983 to the rate of six and one-half or seven and one-half mills depending on the weight of the cigarette or little cigar. Because the nine-mill rate is made permanent, there is no need for a cigarette tax refund when the rates revert to the lower rate which was provided for in the 1981 law. The repealing of Section 4 of the 1981 law results in a one-time windfall of \$500,000.

FISCAL EFFECT: FY 1984 - \$ 17.5 million increase
FY 1985 - 17.5 million increase

Under the 1981 law the discount from the value of the stamps sold by the department of revenue is two percent of the value. This discount is also made permanent.

FISCAL EFFECT: No change from the past two fiscal years.

The provision in the 1981 law which excludes the cigarette tax as a part of the basic cost to the retailer or wholesaler under the state unfair cigarette sales act is also made permanent.

FISCAL EFFECT: None

The bill is effective July 1, 1983.

TOTAL FISCAL EFFECT: FY 1984 - \$17.5 million increase.
(1746S, 83-440, CMG) FY 1985 - \$17.5 million increase.

FILED:
MAY 5, 1983

BY LEGISLATIVE FISCAL BUREAU
DENNIS C. PROUTY, DIRECTOR

SENATE FILE 543

S-3800

1 Amend Senate File 543 as follows:

2 1. Page 1, by striking lines 10 and 11 and
3 inserting in lieu thereof the words "on each cigarette
4 ~~which shall not be considered as part of the basic~~
5 ~~cost of cigarettes as defined in section 551A.2.~~"

6 2. Title, line 4, by inserting after the word "and"
7 the words "by striking language".

S-3800 FILED

BY NORMAN RODGERS

MAY 5, 1983

Adopted 5/6/83 (p. 1566)

SENATE FILE 543

S-3813

1 Amend Senate File 543 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Section 1. Chapter 551A, Code 1983, is repealed."

5 2. Title page, line 1, by inserting after the
6 word "cigars" the words "by repealing the Iowa unfair
7 cigarette sales Act and".

8 3. By renumbering as necessary.

S=3813 FILED

BY GEORGE KINLEY

MAY 6, 1983

RULED OUT OF ORDER *(p. 1565)*

SENATE FILE 543

S-3815

1 Amend Senate File 543 as follows:

2 1. Page 1, by inserting after line 25 the
3 following:

4 "Sec. ____ Section 551A.2, subsection 9, paragraph
5 b, Code 1983, is amended to read as follows:

6 b. The cost of doing business by the wholesaler
7 ~~is presumed to be~~ shall not be more than four percent
8 of the basic cost of ~~said~~ the cigarettes in the absence
9 of proof of a lesser ~~or higher~~ cost, plus cartage
10 to the retail outlet, if furnished or paid for by
11 the wholesaler. ~~Such~~ The cartage cost is presumed
12 to be one-half of one percent of the basic cost of
13 the cigarettes in the absence of proof of a lesser
14 or higher cost.

15 Sec. ____ Section 551A.2, subsection 10, paragraph
16 b, Code 1983, is amended to read as follows:

17 b. The cost of doing business by the ~~said~~ retailer
18 ~~is presumed to be~~ shall not be more than eight percent
19 of the basic cost of cigarettes in the absence of
20 proof of a lesser ~~or higher~~ cost."

21 2. By numbering as necessary.

S-3815 FILED

BY WILLIAM PALMER

MAY 6, 1983

RULED NOT GERMANE *(p. 1568)*

SEVENTIETH GENERAL ASSEMBLY
1988 REGULAR SESSION

DAILY
SENATE CLIP SHEET

FRIDAY, MAY 6, 1983

SENATE FILE 543

S-3796

- 1 Amend Senate File 543 as follows:
2 1. Page 1, by striking lines 10 and 11 and
3 inserting in lieu thereof the words "on each cigarette
4 ~~which shall not be considered as part of the basic~~
5 ~~cost of cigarettes as defined in section 551A.2."~~

S-3796 FILED

BY NORMAN RODGERS

MAY 5, 1983

Out of order 5/6/83 (p. 1566)

SENATE FILE 543

S-3797

- 1 Amend Senate File 543 as follows:
2 1. Page 1, by striking lines 18 through 22 and
3 inserting in lieu thereof the words "and to no other
4 person. ~~Stamps shall be sold to the permit holders~~
5 ~~at a discount of not to exceed five percent of the~~
6 ~~face value. --- However, for the fiscal biennium begin-~~
7 ~~ning July 1, 1981 and ending June 30, 1983, stamps~~
8 ~~shall be sold to permit holders at a discount of two~~
9 ~~percent of the face value."~~

S-3797 FILED

BY EDGAR H. HOLDEN

MAY 5, 1983

Lost 5/6 (p. 1567)

SENATE FILE 543

S-3798

- 1 Amend Senate File 543 as follows:
2 1. Page 1, lines 6 and 7, by striking the words
3 "~~and ending June 30, 1983~~" and inserting in lieu
4 thereof the words "and ending June 30, 1983 1984".

S-3798 FILED

BY EDGAR H. HOLDEN

MAY 5, 1983

Lost 5/6 (p. 1566)

SENATE FILE 543

S-3799

- 1 Amend Senate File 543 as follows:
A 2 1. Page 1, line 9, by striking the word "nine"
3 and inserting in lieu thereof the words "nine eighteen".
B 4 2. Page 1, line 22, by striking the word "two"
5 and inserting in lieu thereof the words "two one".

S-3799 FILED

BY EDGAR H. HOLDEN

MAY 5, 1983

*A- 4/8,
B- Lost 5/6 (p. 1569)*

S-3818

- 1 Amend Senate File 543 as follows:
- 2 1. Page 1, line 9, by striking the word "nine"
- 3 and inserting in lieu thereof the word "nine ten".

S-3818 FILED & LOST
MAY 6, 1983 (p. 1567)

BY WILLIAM PALMER

SENATE FILE 543

S-3819

- 1 Amend Senate File 543 as follows:
- 2 1. Page 1, by inserting after line 25 the
- 3 following:
- 4 "Sec. ____ Chapter 422, Code 1983, is amended by
- 5 adding the following new section:
- 6 "NEW SECTION. Iowans who compute and file their
- 7 own income tax shall be given a two percent discount
- 8 on the tax due."

S-3819 FILED BY JAMES V. GALLAGHER
MAY 6, 1983
RULED OUT OF ORDER (p. 1568)

SENATE FILE 543

S-3820

- 1 Amend Senate File 543 as follows:
- 2 1. Page 1, by striking lines 19 through 22 and
- 3 inserting in lieu thereof the words "holders-at-a-dis-
- 4 count-of-not-to-exceed-five-percent-of-the-face-value-
- 5 However, for the fiscal biennium beginning July 1, 1981
- 6 and ending June 30, 1983, stamps shall be sold to permit
- 7 holders at a discount of two percent of the face value."

S-3820 FILED & ADOPTED
MAY 6, 1983 (p. 1569)

BY DOUG RITSEMA

House Finance 5/9/83

Senate File 543

Finance: Connolly, Chair; Branstad and Joehum.

SENATE FILE 543

BY COMMITTEE ON FINANCE

(AS AMENDED AND PASSED BY THE SENATE MAY 6, 1983)

Passed Senate, Date See Below Passed House, Date 5-11-83 (p. 2042)
Vote: Ayes _____ Nays _____ Vote: Ayes 83 Nays 15
Approved June 1, 1983

A BILL FOR

1 An Act relating to cigarettes and little cigars by striking
2 language which terminates the temporary tax increase
3 imposed on cigarettes and little cigars and makes the
4 tax permanent and by striking language which terminates
5 the two percent discount rate for the sale of cigarette
6 stamps.

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

8 *Conference Committee Appointed 5/13/83*
9 *Representation Annulled (Chair) Gronstad, Connolly, Halvorsen, Schubert (p. 2138)*
10 *Senators Rogers (Chair), Holder, Hultman, Kinley, Lettinge (p. 1751)*

11
12 *Passed per Conference Committee Report 5/14/83*
13 *Senate (page 1768)* *House (page 2236)*
14 *35-14* *80-10*

15 *motion to reconsider withdrawn (p. 1775)*

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17 = New language by the Senate

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1 Section 1. 1981 Iowa Acts, chapter 43, section 1, amending
2 section 98.6, is amended to read as follows:

3 SECTION 1. Section 98.6, Code 1981, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. Notwithstanding subsection 1, there is
6 imposed ~~for-the-fiscal-biennium~~ beginning July 1, 1981 and
7 ~~ending-June-30,1983~~ and shall be collected and paid to the
8 department a tax on all cigarettes used or otherwise disposed
9 of in this state for any purpose at the rate of nine mills
10 on each cigarette ~~which-shall-not-be-considered-as-part-of~~
11 ~~the-basis-cost-of-cigarettes-as-defined-in-section-551A.2.~~

12 Sec. 2. 1981 Iowa Acts, chapter 43, section 2, amending
13 section 98.8, subsection 1, Code 1981, is amended to read
14 as follows:

15 1. Stamps shall be sold by and purchased from the
16 department. The department shall sell stamps to the holder
17 of a state distributor's permit which has not been revoked
18 and to no other person. Stamps shall be sold to the permit
19 ~~holders-at-a-discount-of-not-to-exceed-five-percent-of-the~~
20 ~~face-value.--However,for-the-fiscal-biennium-beginning-July~~
21 ~~1,1981-and-ending-June-30,1983, stamps shall be sold to~~
22 ~~permit holders at a discount of two percent of the face value.~~
23 Stamps shall be sold in unbroken books of one thousand stamps,
24 unbroken rolls of thirty thousand stamps, or unbroken lots
25 of any other form authorized by the director.

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MAY 12, 1983

PAGE TWO

SENATE FILE 543

H-4161

1 Amend Senate File 543 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, line 22, by striking the words "a
4 discount of two percent of the" and inserting in lieu
5 thereof the words "~~a-discount-of-two-percent-of-the~~".

6 2. Page 1, by inserting after line 25 the
7 following:

8 "Sec. ____ . Section 98.35, Code 1983, is amended
9 by adding the following new unnumbered paragraph:

10 NEW UNNUMBERED PARAGRAPH. From the funds deposited
11 in the general fund from the payment of taxes, an
12 amount equal to two percent of the face value of the
13 tax stamps sold shall be credited to the state park,
14 forest and recreation area facilities improvement
15 fund.

16 Sec. ____ . Section 107.17, Code 1983, is amended
17 to read as follows:

18 107.17 FUNDS. The financial resources of said
19 the commission shall consist of ~~three~~ four funds:

20 1. A state fish and game protection fund~~7~~.

21 2. A state conservation fund~~7~~-and.

22 3. An administration fund.

23 4. A state park, forest and recreation area facilities
24 improvement fund.

25 The state fish and game protection fund, except
26 as otherwise provided, ~~shall-consist~~ consists of all
27 moneys accruing from license fees and all other sources
28 of revenue arising under the division of fish and
29 game. Notwithstanding section 453.7, subsection 2,
30 interest or earnings on investments or time deposits
31 of the funds in the state fish and game protection
32 fund and the state park, forest and recreation area
33 facilities improvement fund shall be credited to the
34 state-fish-and-game-protection-fund those funds
35 respectively.

36 The state park, forest and recreation area
37 facilities improvement fund consists of all moneys
38 credited to it under section 98.35 and other moneys
39 credited to it by law or appropriated to it by the
40 general assembly.

41 The conservation fund, except as otherwise provided,
42 shall consist of all other funds accruing to the
43 conservation commission.

44 The administration fund shall consist of an
45 equitable portion of the gross amount of the ~~two~~
46 aforsaid-funds state fish and game protection fund
47 and the state conservation fund, to be determined
48 by the commission, sufficient to pay the expense of
49 administration entailed by this chapter.

50 All receipts and refunds and reimbursements related

1 to activities funded by the administration fund are
2 appropriated to the administration fund. All refunds
3 and reimbursements relating to activities of the state
4 fish and game protection fund shall be credited to
5 the state fish and game protection fund.

6 Sec. _____. Section 107.19, Code 1983, is amended
7 by adding the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. All moneys credited
9 to the state park, forest and recreation area
10 facilities improvement fund shall be expended solely
11 in carrying out the provisions of chapter 111. This
12 fund is in addition to the moneys available for those
13 purposes in the state conservation fund. Not more
14 than ten percent of the expenditures of the state
15 park, forest and recreation area facilities improvement
16 fund shall be for planning and administration.

17 Expenditures from the fund shall be made only upon
18 the authorization of the general assembly.

19 Sec. _____. NEW SECTION. 111.79 STATE PARK, FOREST
20 AND RECREATION AREA FACILITIES IMPROVEMENT FUND.

21 All funds credited to the state park, forest and
22 recreation area facilities improvement fund shall
23 be expended on capital improvements in carrying out
24 the provisions of this chapter. Capital improvements
25 may be either new developments or rehabilitative in
26 nature."

27 3. Title page, line 6, by inserting after the
28 word "stamps" the following: "and requiring that
29 the stamps be sold at face value with two percent
30 of the face value of the stamps sold being credited
31 to a public outdoor recreation and resources fund
32 to be used for carrying out provisions of chapter
33 111".

BY BLANSHAN of Greene
BLACK of Jasper
DIEMER of Black Hawk
LAGESCHULTE of Bremer
ZIMMERMAN of Dallas
CLARK of Cerro Gordo
COREY of Louisa
KREWSON of Polk
MC KEAN of Jones
SKOW of Guthrie

H-4161 FILED MAY 11, 1983

Revised not german 5/11 (p. 2041)

SENATE FILE 543

H-4194

1 Amend Senate File 543 as amended, passed and
2 reprinted by the Senate, as follows:

3 1. Page 1, by striking lines 10 and 11 and
4 inserting in lieu thereof the words and figure "on
5 each cigarette which shall not be considered as part
6 of the basic cost of cigarettes as defined in section
7 551A.2."

BY ARNOULD of Scott
DODERER of Johnson
SCHNEKLOTH of Scott
LAGESCHULTE of Bremer
TABOR of Jackson
COPENHAVER of Buchanan

H-4194 FILED MAY 11, 1983

ADOPTED (p. 2039)

MAY 11, 1983
PAGE SIX

SENATE FILE 543
AS PASSED BY THE SENATE REVISED
FISCAL NOTE
REQUESTED BY SENATOR PALMER

In compliance with a written request received March 22, 1983, there is hereby submitted a Fiscal Note for Senate File 543, as passed by the Senate pursuant to Joint Rule 17. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

Senate File 543, as passed by the Senate has the following provisions:

The bill makes permanent as of July 1, 1983 the tax rate of nine mills on each cigarette and little cigar contained in the law enacted in the 1981 Session. Under the law, the nine-mill rate would revert on July 1, 1983 to the rate of six and one-half or seven and one-half mills depending on the weight of the cigarette or little cigar. Because the nine-mill rate is made permanent, there is no need for a cigarette tax refund when the rates revert to the lower rate which was provided for in the 1981 law. The repealing of Section 4 of the 1981 law results in a one-time windfall of \$500,000.

FISCAL EFFECT: FY 1984 - \$ 17.5 million increase
 FY 1985 - 17.5 million increase

under the 1981 law the discount from the value of the stamps sold by the department of revenue is two percent of the value. This discount is also made permanent.

FISCAL EFFECT: No change from the past two fiscal years.

The provision in the 1981 law which excludes the cigarette tax as a part of the basic cost to the retailer or wholesaler under the state unfair cigarette sales act is not made permanent.

FISCAL EFFECT: None

The bill is effective July 1, 1983.

TOTAL FISCAL EFFECT: FY 1984 - \$17.5 million increase.
 FY 1985 - \$17.5 million increase.

(1746S, 83-440, CMG)

FILED MAY 10, 1983

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE 8
MAY 13, 1983

SENATE FILE 543
FISCAL NOTE -- REVISED

REQUESTED BY SENATOR PALMER

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 543, as passed by the Senate, pursuant to Joint Rule 17.

Senate File 543, as passed by the Senate has the following provisions:

The bill makes permanent as of July 1, 1983 the tax rate of nine mills on each cigarette and little cigar contained in the law enacted in the 1981 Session. Under the law, the nine-mill rate would revert on July 1, 1983 to the rate of six and one-half or seven and one-half mills depending on the weight of the cigarette or little cigar. Because the nine-mill rate is made permanent, there is no need for a cigarette tax refund when the rates revert to the lower rate which was provided for in the 1981 law. The repealing of Section 4 of the 1981 law results in a one-time windfall of \$500,000.

FISCAL EFFECT: FY 1984 - \$ 17.5 million increase
FY 1985 - 17.5 million increase

Under the 1981 law the discount from the value of the stamps sold by the department of revenue is two percent of the value. This discount is also made permanent.

FISCAL EFFECT: No change from the past two fiscal years.

The provision in the 1981 law which excludes the cigarette tax as a part of the basic cost to the retailer or wholesaler under the state unfair cigarette sales act is not made permanent.

FISCAL EFFECT: None

The bill is effective July 1, 1983.

TOTAL FISCAL EFFECT: FY 1984 - \$17.5 million increase.
FY 1985 - \$17.5 million increase.

(1746S, 83-440, CMG)

RECEIVED BY THE SECRETARY OF THE SENATE, MAY 10, 1983
FILED: BY LEGISLATIVE FISCAL BUREAU
MAY 12, 1983 DENNIS C. PROUTY, DIRECTOR

HOUSE AMENDMENT TO SENATE FILE 543

S-3918

1 Amend Senate File 543 as amended, passed and
2 reprinted by the Senate, as follows:
3 1. Page 1, by striking lines 10 and 11 and
4 inserting in lieu thereof the words and figure "on
5 each cigarette which shall not be considered as part
6 of the basic cost of cigarettes as defined in section
7 551A.2."

S-3918 FILED
MAY 12, 1983
SENATE REFUSED

RECEIVED FROM THE HOUSE

Senate refused to concur 5/12/83 (p. 1743)
House insisted 5/13/83 (p. 2137)

REPORT OF THE CONFERENCE COMMITTEE
ON SENATE FILE 543

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to resolve the differences between the Senate and the House of Representatives on Senate File 543, a bill for an Act relating to cigarettes and little cigars by striking language which terminates the temporary tax increase imposed on cigarettes and little cigars and makes the tax permanent and by striking language which terminates the two percent discount rate for the sale of cigarette stamps, respectfully make the following report:

1. That the House recede from its amendment, S-3918, to Senate File 543, as amended, passed, and reprinted by the Senate.

2. That Senate File 543, as amended, passed, and reprinted by the Senate, be amended as follows:

1. By striking everything after the enacting clause and inserting in lieu thereof the following:

"Section 1. 1981 Iowa Acts, chapter 43, section 1, amending section 98.6, Code 1981, is amended to read as follows:

SECTION 1. Section 98.6, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. Notwithstanding subsection 1, there is imposed ~~for-the-fiscal-biennium~~ beginning July 1, 1981 and ~~ending-June-30,-1983~~ and shall be collected and paid to the department a tax on all cigarettes used or otherwise disposed of in this state for any purpose at the rate of nine mills on each cigarette ~~which-shall-not-be-considered-as-part-of-the-basic-cost-of-cigarettes-as-defined-in-section-551A-2.~~

Sec. 2. 1981 Iowa Acts, chapter 43, section 2, amending section 98.8, subsection 1, Code 1981, is amended to read as follows:

CONFERENCE COMMITTEE REPORT ON SENATE FILE 543 - PAGE 2

SEC. 2. Section 98.8, subsection 1, Code 1981, is amended to read as follows:

1. Stamps shall be sold by and purchased from the department. The department shall sell stamps to the holder of a state distributor's permit which has not been revoked and to no other person. Stamps shall be sold to the permit holders ~~at a discount of not to exceed five percent of the face value. -- However, for the fiscal biennium beginning July 1, 1981 and ending June 30, 1983, stamps shall be sold to~~ permit holders at a discount of two percent of the face value. Stamps shall be sold in unbroken books of one thousand stamps, unbroken rolls of thirty thousand stamps, or unbroken lots of any other form authorized by the director.

Sec. 3. Section 551A.2, subsection 8, Code 1983, is amended to read as follows:

8. "Basic cost of cigarettes" shall mean whichever of the two following amounts is lower, ~~namely~~: (a) the true invoice cost of cigarettes to the wholesaler or retailer, as the case may be, or (b) the lowest replacement cost of cigarettes to the wholesaler or retailer in the quantity last purchased, less, in either case, all trade discounts and customary discounts for cash, plus one-half of the full face value of any stamps which may be required by any cigarette tax Act of this state, ~~unless included by the manufacturer in his list price.~~

Sec. 4. Section 551A.2, subsection 9, paragraph b, Code 1983, is amended to read as follows:

b. The cost of doing business by the wholesaler is presumed to be ~~four~~ three percent of the basic cost of said cigarettes in the absence of proof of a lesser or higher cost, plus which includes cartage to the retail outlet, if furnished or paid for by the wholesaler plus the full face value of any stamps which may be required by any cigarette tax Act of this state to the extent not already included in the basic cost of cigarettes. ~~Such cartage cost is presumed to be one-half of one percent of the basic cost of the cigarettes in the~~

~~absence-of-proof-of-a-lesser-or-higher-cost.~~

Sec. 5. Section 551A.2, subsection 10, paragraph b, Code 1983, is amended to read as follows:

b. The cost of doing business by the said retailer is presumed to be ~~eight~~ six percent of the basic cost of cigarettes in the absence of proof of a lesser or higher cost plus the full face value of any stamps which may be required by any cigarette tax Act of this state to the extent not already included in the basic cost of cigarettes."

2. Amend the title, line 6, by inserting after the word "stamps" the words "decreasing the percent that cigarettes are required to be marked up, and computing the mark up on only one-half of the cigarette tax".

ON THE PART OF THE SENATE:

NORMAN RODGERS, CHAIR
DON GETTINGS
VIN HULTMAN
RGE KINLEY

ON THE PART OF THE HOUSE

ROBERT ARNOULD, CHAIR
MICHAEL GRONSTAL
MIKE CONNOLLY
ROGER HALVORSON
HUGO SCHNEKLOTH

FILED: MAY 14, 1983
SENATE ADOPTED (p. 1767)

House Adopted 5/14/83 (p. 2236)

SENATE FILE 543

AN ACT

RELATING TO CIGARETTES AND LITTLE CIGARS BY STRIKING LANGUAGE WHICH TERMINATES THE TEMPORARY TAX INCREASE IMPOSED ON CIGARETTES AND LITTLE CIGARS AND MAKES THE TAX PERMANENT AND BY STRIKING LANGUAGE WHICH TERMINATES THE TWO PERCENT DISCOUNT RATE FOR THE SALE OF CIGARETTE STAMPS DECREASING THE PERCENT THAT CIGARETTES ARE REQUIRED TO BE MARKED UP, AND COMPUTING THE MARKUP ON ONLY ONE-HALF OF THE CIGARETTE TAX.

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

Section 1. 1981 Iowa Acts, chapter 43, section 1, amending section 98.6, Code 1981, is amended to read as follows:

SECTION 1. Section 98.6, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. Notwithstanding subsection 1, there is imposed ~~for-the-fiscal-biennium~~ beginning July 1, 1981 and ending June 30, 1983 and shall be collected and paid to the department a tax on all cigarettes used or otherwise disposed of in this state for any purpose at the rate of nine mills on each cigarette ~~which shall not be considered as part of the basic cost of cigarettes as defined in section 551A.2.~~

Sec. 2. 1981 Iowa Acts, chapter 43, section 2, amending section 98.8, subsection 1, Code 1981, is amended to read as follows:

SEC. 2. Section 98.8, subsection 1, Code 1981, is amended to read as follows:

1. Stamps shall be sold by and purchased from the department. The department shall sell stamps to the holder of a state distributor's permit which has not been revoked and to no other person. Stamps shall be sold to the permit holders ~~at a discount of not to exceed five percent of the~~

~~face value. However, for the fiscal biennium beginning July 1, 1981 and ending June 30, 1983, stamps shall be sold to permit holders at a discount of two percent of the face value. Stamps shall be sold in unbroken books of one thousand stamps, unbroken rolls of thirty thousand stamps, or unbroken lots of any other form authorized by the director.~~

Sec. 3. Section 551A.2, subsection 8, Code 1983, is amended to read as follows:

8. "Basic cost of cigarettes" shall mean whichever of the two following amounts is lower, ~~namely~~: (a) the true invoice cost of cigarettes to the wholesaler or retailer, as the case may be, or (b) the lowest replacement cost of cigarettes to the wholesaler or retailer in the quantity last purchased, less, in either case, all trade discounts and customary discounts for cash, plus one-half of the full face value of any stamps which may be required by any cigarette tax Act of this state, unless included by the manufacturer in his list price.

Sec. 4. Section 551A.2, subsection 9, paragraph b, Code 1983, is amended to read as follows:

b. The cost of doing business by the wholesaler is presumed to be four three percent of the basic cost of ~~said~~ cigarettes in the absence of proof of a lesser or higher cost, plus which includes cartage to the retail outlet, if furnished or paid for by the wholesaler plus the full face value of any stamps which may be required by any cigarette tax Act of this state to the extent not already included in the basic cost of cigarettes. Such cartage cost is presumed to be one-half of one percent of the basic cost of the cigarettes in the absence of proof of a lesser or higher cost.

Sec. 5. Section 551A.2, subsection 10, paragraph b, Code 1983, is amended to read as follows:

b. The cost of doing business by the ~~said~~ retailer is presumed to be eight six percent of the basic cost of cigarettes in the absence of proof of a lesser or higher cost

plus the full face value of any stamps which may be required by any cigarette tax Act of this state to the extent not already included in the basic cost of cigarettes.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 543, Seventieth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved *June 1*, 1983

TERRY E. BRANSTAD
Governor