

MAR 27 1996

WAYS AND MEANS

HOUSE FILE 2484
BY BRAMMER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act reducing the highest individual income tax rate and
2 increasing the rate of the tobacco products tax and providing
3 a retroactive applicability date provision.

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

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HF 2484

1 Section 1. Section 422.5, subsection 1, paragraph i, Code
2 1995, is amended to read as follows:

3 i. On all taxable income exceeding forty-five thousand
4 dollars, ~~nine~~ eight and ninety-eight hundredths percent.

5 Sec. 2. Section 453A.43, subsection 1, unnumbered
6 paragraph 1, Code 1995, is amended to read as follows:

7 A tax is imposed upon all tobacco products in this state
8 and upon any person engaged in business as a distributor of
9 tobacco products, at the rate of ~~twenty-two~~ forty-four percent
10 of the wholesale sales price of the tobacco products, except
11 little cigars as defined in section 453A.42. Little cigars
12 shall be subject to the same rate of tax imposed upon
13 cigarettes in section 453A.6, payable at the time and in the
14 manner provided in section 453A.6; and stamps shall be affixed
15 as provided in division I of this chapter. The tax on tobacco
16 products, excluding little cigars, shall be imposed at the
17 time the distributor does any of the following:

18 Sec. 3. Section 453A.43, subsection 2, unnumbered
19 paragraph 1, Code 1995, is amended to read as follows:

20 A tax is imposed upon the use or storage by consumers of
21 tobacco products in this state, and upon the consumers, at the
22 rate of ~~twenty-two~~ forty-four percent of the cost of the
23 tobacco products.

24 Sec. 4. Section 1 of this Act applies retroactively to
25 January 1, 1996, for tax years beginning on or after that
26 date.

27 EXPLANATION

28 The bill reduces the highest individual income tax rate in
29 the state from 9.98 to 8.98 percent. The bill also increases
30 the tax on the wholesale sales price of tobacco products from
31 22 to 44 percent. This tax is not imposed on cigarettes or
32 little cigars but on all other tobacco products.

33 The income tax rate decrease applies retroactively to tax
34 years beginning on or after January 1, 1996.

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