

FEB 24 2003  
WAYS AND MEANS

HOUSE FILE 284  
BY RAYHONS AND GREIMANN

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act increasing the taxes on cigarettes and tobacco products.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 284

1 Section 1. Section 453A.6, subsection 1, Code 2003, is  
2 amended to read as follows:

3 1. There is imposed, and shall be collected and paid to  
4 the department, the following taxes on all cigarettes used or  
5 otherwise disposed of in this state for any purpose  
6 whatsoever:

7 Class A. On cigarettes weighing not more than three pounds  
8 per thousand, ~~eighteen-mills~~ six and eight-tenths cents on  
9 each such cigarette.

10 Class B. On cigarettes weighing more than three pounds per  
11 thousand, ~~eighteen-mills~~ six and eight-tenths cents on each  
12 such cigarette.

13 Sec. 2. Section 453A.43, subsection 1, unnumbered  
14 paragraph 1, Code 2003, is amended to read as follows:

15 A tax is imposed upon all tobacco products in this state  
16 and upon any person engaged in business as a distributor of  
17 tobacco products, at the rate of ~~twenty-two~~ fifty-five percent  
18 of the wholesale sales price of the tobacco products, except  
19 little cigars as defined in section 453A.42. Little cigars  
20 shall be subject to the same rate of tax imposed upon  
21 cigarettes in section 453A.6, payable at the time and in the  
22 manner provided in section 453A.6; and stamps shall be affixed  
23 as provided in division I of this chapter. The tax on tobacco  
24 products, excluding little cigars, shall be imposed at the  
25 time the distributor does any of the following:

26 Sec. 3. Section 453A.43, subsection 2, unnumbered  
27 paragraph 1, Code 2003, is amended to read as follows:

28 A tax is imposed upon the use or storage by consumers of  
29 tobacco products in this state, and upon the consumers, at the  
30 rate of ~~twenty-two~~ fifty-five percent of the cost of the  
31 tobacco products.

32 EXPLANATION

33 This bill increases the tax on cigarettes and tobacco  
34 products. The bill increases the tax on cigarettes from 1.8  
35 cents per cigarette to 6.8 cents per cigarette. The bill also

1 changes the use of mills in assessing the tax to the use of  
2 cents. One mill equals one one-thousandth of a cent. The  
3 effect of the bill, as an example, is to increase the tax on a  
4 pack of 20 cigarettes from \$.36 per pack to \$1.36 per pack.  
5 Additionally, the bill increases the tax on tobacco products  
6 from 22 percent of the wholesale sales price for distributors  
7 and 22 percent of the cost of tobacco products for the use or  
8 storage by consumers of tobacco products to 55 percent of the  
9 wholesale sales price and of the cost. Fifty-five percent of  
10 the wholesale sales price and of the cost is roughly  
11 equivalent to the cigarette tax of \$1.36 per pack as a  
12 percentage of the manufacturer's price.

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