

MAR 13 2003
WAYS AND MEANS

HOUSE FILE 539
BY FOEGE

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

A BILL FOR

1 An Act to increase the tax imposed on cigarettes and tobacco
2 products.

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

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HF 539

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, 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~~ eighty-three
18 percent of the wholesale sales price of the tobacco products,
19 except little cigars as defined in section 453A.42. Little
20 cigars 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, 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~~ eighty-three percent of the cost of the
31 tobacco products.

32 EXPLANATION

33 This bill increases the tax on cigarettes from \$.018 per
34 cigarette to \$.068. The bill also changes the use of mills in
35 assessing the tax to the use of cents. One mill equals \$.001.

1 The effect of the bill, as an example, is to increase the tax
2 on a pack of 20 cigarettes from \$.36 per pack to \$1.36 per
3 pack. The bill also increases the tax on tobacco products
4 from 22 percent of the wholesale sales price for distributors
5 and 22 percent of the cost of tobacco products for the use or
6 storage by consumers of tobacco products and upon the
7 consumers to 83 percent of the wholesale sales price and of
8 the cost.

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