

FEB 9 2005
WAYS AND MEANS

HOUSE FILE 237
BY MASCHER

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

A BILL FOR

1 An Act increasing the taxes imposed on cigarettes and providing
2 for appropriation of the revenue generated to the medical
3 assistance program and for tobacco control and prevention, and
4 providing an effective date.

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

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HF 237

1 Section 1. Section 453A.6, subsection 1, Code 2005, 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: a tax of ten cents on each cigarette.

7 ~~CLASS-A---On-cigarettes-weighing-not-more-than-three-pounds~~
8 ~~per-thousand, eighteen mills on each such cigarette.~~

9 ~~CLASS-B---On-cigarettes-weighing-more-than-three-pounds-per~~
10 ~~thousand, eighteen mills on each such cigarette.~~

11 Sec. 2. Section 453A.35, Code 2005, is amended to read as
12 follows:

13 453A.35 TAX AND FEES PAID TO GENERAL FUND.

14 The proceeds derived from the sale of stamps and the
15 payment of taxes, fees and penalties provided for under this
16 chapter, and the permit fees received from all permits issued
17 by the department, with the exception of the proceeds derived
18 from payment of taxes pursuant to section 453A.6, subsection
19 1, shall be credited to the general fund of the state. All
20 permit fees provided for in this chapter and collected by
21 cities in the issuance of permits granted by the cities shall
22 be paid to the treasurer of the city where the permit is
23 effective, or to another city officer as designated by the
24 council, and credited to the general fund of the city. Permit
25 fees so collected by counties shall be paid to the county
26 treasurer.

27 Sec. 3. NEW SECTION. 453A.35A MEDICAL ASSISTANCE FUND --
28 TAX REVENUE DEPOSITED -- APPROPRIATION.

29 1. A medical assistance and tobacco control and prevention
30 fund is created in the office of the treasurer of state. The
31 fund consists of the revenues generated from the taxes imposed
32 on cigarettes pursuant to section 453A.6, subsection 1.
33 Moneys in the fund shall be used only as specified in this
34 section and are appropriated for the uses specified. Moneys
35 deposited in the fund are not subject to section 8.33 and

1 shall not be transferred, used, obligated, appropriated, or
2 otherwise encumbered, except as provided in this section.
3 Notwithstanding section 12C.7, subsection 2, interest or
4 earnings on moneys deposited in the fund shall be credited to
5 the fund.

6 2. Moneys in the fund are appropriated for the fiscal year
7 beginning July 1, 2005, and for each fiscal year thereafter,
8 as follows:

9 a. To the department of human services, an amount
10 necessary, annually, for expenses incurred under the medical
11 assistance program.

12 b. To the Iowa department of public health, an amount
13 necessary, annually, for expenses relating to tobacco control
14 and prevention within the state.

15 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
16 immediate importance, takes effect on the first day of the
17 month that begins following enactment.

18 EXPLANATION

19 This bill relates to an increase in the taxes imposed on
20 cigarettes and to the deposit and appropriation of the revenue
21 generated.

22 The bill provides for a tax on cigarettes of 10 cents on
23 each cigarette. The effect of the bill is to increase the tax
24 on a pack of 20 cigarettes from 36 cents per pack to \$2.00 per
25 pack.

26 The bill provides that the revenue generated (the 10 cents
27 per cigarette) is to be deposited in the medical assistance
28 and tobacco control and prevention fund created in the bill.
29 The bill provides that moneys in the fund are appropriated for
30 the fiscal year beginning July 1, 2005, and annually
31 thereafter, to the department of human services, an amount
32 necessary, annually, for expenses incurred under the medical
33 assistance program and to the Iowa department of public
34 health, an amount necessary, annually, for expenses relating
35 to tobacco control and prevention within the state.