

**House File 733 - Introduced**

HOUSE FILE 733

BY MASCHER

**A BILL FOR**

1 An Act relating to cigarettes and tobacco products, including  
2 increased taxation of such products.

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

1 Section 1. Section 453A.6, subsection 1, Code 2021, is  
2 amended to read as follows:

3 1. There is imposed, and shall be collected and paid to the  
4 department, a tax on all cigarettes used or otherwise disposed  
5 of in this state for any purpose equal to ~~six and eight-tenths~~  
6 nine and three-tenths cents on each cigarette.

7 Sec. 2. Section 453A.6, subsection 8, paragraph a, Code  
8 2021, is amended to read as follows:

9 a. Pay directly to the department, in lieu of the tax  
10 under [subsection 1](#), a tax equal to three and ~~six-hundredths~~  
11 five-tenths cents on each cigarette dispensed from such  
12 machine.

13 Sec. 3. Section 453A.43, Code 2021, is amended to read as  
14 follows:

15 **453A.43 Tax on tobacco products.**

16 1. a. A tax is imposed upon all tobacco products in this  
17 state and upon any person engaged in business as a distributor  
18 of tobacco products, at the rate of ~~twenty-two~~ fifty-five and  
19 six-tenths percent of the wholesale sales price of the tobacco  
20 products, ~~except little cigars and snuff as defined in section~~  
21 453A.42. Notwithstanding the rate of the tax imposed under  
22 this paragraph "a" on tobacco products, little cigars shall  
23 be subject to the tax as specified pursuant to paragraph "b",  
24 and snuff shall be subject to the tax as specified pursuant to  
25 paragraph "c".

26 ~~b. In addition to the tax imposed under paragraph "a", a~~  
27 ~~tax is imposed upon all tobacco products in this state and upon~~  
28 ~~any person engaged in business as a distributor of tobacco~~  
29 ~~products, at the rate of twenty-eight percent of the wholesale~~  
30 ~~sales price of the tobacco products, except little cigars and~~  
31 ~~snuff as defined in [section 453A.42](#).~~

32 c. ~~Notwithstanding the rate of tax imposed pursuant to~~  
33 ~~paragraphs "a" and "b", if the tobacco product is a cigar, the~~  
34 ~~total amount of the tax imposed pursuant to paragraphs "a" and~~  
35 ~~"b" combined shall not exceed fifty cents per cigar.~~

1 ~~d.~~ b. Little cigars shall be subject to the same rate of  
2 tax imposed upon cigarettes in [section 453A.6](#), payable at the  
3 time and in the manner provided in [section 453A.6](#); and stamps  
4 shall be affixed as provided in [subchapter I of this chapter](#).

5 c. Snuff shall be subject to the tax as provided in  
6 subsections 3 and 4.

7 ~~e.~~ d. The taxes on tobacco products, ~~excluding little~~  
8 ~~cigars and snuff~~, shall be imposed at the time the distributor  
9 does any of the following:

10 (1) Brings, or causes to be brought, into this state from  
11 outside the state tobacco products for sale.

12 (2) Makes, manufactures, or fabricates tobacco products in  
13 this state for sale in this state.

14 (3) Ships or transports tobacco products to retailers in  
15 this state, to be sold by those retailers.

16 2. a. A tax is imposed upon the use or storage by consumers  
17 of tobacco products in this state, and upon the consumers, at  
18 the rate of ~~twenty-two~~ fifty-five and six-tenths percent of the  
19 cost of the tobacco products.

20 ~~b.~~ ~~In addition to the tax imposed in paragraph "a", a tax~~  
21 ~~is imposed upon the use or storage by consumers of tobacco~~  
22 ~~products in this state, and upon the consumers, at a rate of~~  
23 ~~twenty-eight percent of the cost of the tobacco products.~~

24 ~~c.~~ ~~Notwithstanding the rate of tax imposed pursuant to~~  
25 ~~paragraphs "a" and "b", if the tobacco product is a cigar, the~~  
26 ~~total amount of the tax imposed pursuant to paragraphs "a" and~~  
27 ~~"b" combined shall not exceed fifty cents per cigar.~~

28 ~~d.~~ b. The taxes imposed by [this subsection](#) shall not apply  
29 if the taxes imposed by [subsection 1](#) on the tobacco products  
30 have been paid.

31 ~~e.~~ c. The taxes imposed under [this subsection](#) shall not  
32 apply to the use or storage of tobacco products in quantities  
33 of:

34 (1) Less than twenty-five cigars.

35 (2) Less than one pound smoking or chewing tobacco or other

1 tobacco products not specifically mentioned herein in this  
2 chapter, in the possession of any one consumer.

3 3. A tax is imposed upon all snuff in this state and upon  
4 any person engaged in business as a distributor of snuff at  
5 the rate of ~~one dollar and nineteen cents per ounce, with a~~  
6 ~~proportionate tax at the same rate on all fractional parts~~  
7 ~~of an ounce of snuff~~ fifty-five and six-tenths percent of  
8 the wholesale sales price or an amount equal to the tax  
9 on cigarettes pursuant to section 453A.6 for each one and  
10 two-tenths ounces of snuff, whichever is higher. The tax shall  
11 be computed based on the net weight listed by the manufacturer.  
12 The tax on snuff shall be imposed at the time the distributor  
13 does any of the following:

14 a. Brings or causes to be brought into this state from  
15 outside the state, snuff for sale.

16 b. Makes, manufactures, or fabricates snuff in this state  
17 for sale in this state.

18 c. Ships or transports snuff to retailers in this state, to  
19 be sold by those retailers.

20 4. a. A tax is imposed upon the use or storage by consumers  
21 of snuff in this state, and upon the consumers, at the rate of  
22 ~~one dollar and nineteen cents per ounce with a proportionate~~  
23 ~~tax at the same rate on all fractional parts of an ounce of~~  
24 ~~snuff~~ fifty-five and six-tenths percent of the wholesale sales  
25 price or an amount equal to the tax on cigarettes pursuant to  
26 section 453A.6 for each one and two-tenths ounces of snuff,  
27 whichever is higher. The tax shall be computed based on the  
28 net weight as listed by the manufacturer.

29 b. The tax imposed by [this subsection](#) shall not apply if the  
30 tax imposed by [subsection 3](#) on snuff has been paid.

31 c. The tax shall not apply to the use or storage of snuff in  
32 quantities of less than ten ounces.

33 5. Any tobacco product with respect to which a tax has once  
34 been imposed under [this subchapter](#) shall not again be subject  
35 to tax under [this subchapter](#), except as provided in section

1 453A.40.

2 6. The tax imposed by **this section** shall not apply with  
3 respect to any tobacco product which under the Constitution  
4 and laws of the United States may not be made the subject of  
5 taxation by this state.

6 7. The tax imposed by **this section** shall be in addition to  
7 all other occupation or privilege taxes or license fees ~~now or~~  
8 ~~hereafter~~ imposed by any city or county.

9 8. All excise taxes collected under **this chapter** by a  
10 distributor or any individual are deemed to be held in trust  
11 for the state of Iowa.

12

EXPLANATION

13

The inclusion of this explanation does not constitute agreement with  
14 the explanation's substance by the members of the general assembly.

15 This bill relates to the taxes on cigarettes and tobacco  
16 products. The bill increases the tax on cigarettes and tobacco  
17 products that is equivalent on all products to a tax of \$1.86  
18 on a pack of cigarettes.

19 The bill increases the tax imposed on cigarettes from six  
20 and eight-tenths cents to nine and three-tenths cents on each  
21 cigarette, or from \$1.36 to \$1.86 per pack of 20 cigarettes.

22 The bill increases the tax on cigarettes assembled using  
23 loose tobacco products that are inserted into a vending  
24 machine from which assembled cigarettes are dispensed from  
25 three and six-hundredths cents to three and five-tenths cents,  
26 which increases the tax on these items in an amount, based on  
27 the weight of tobacco used for each cigarette, which is in  
28 proportion to the increase in the tax on packaged cigarettes.

29 The bill increases the tax on tobacco products from 50  
30 percent of the wholesale sales price to 55.6 percent of the  
31 wholesale sales price. The bill eliminates the cap on the tax  
32 for cigars which was 50 cents per cigar.