

House Study Bill 725 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON KAUFMANN)

A BILL FOR

1 An Act relating to heated tobacco products, and providing for
2 taxation of heated tobacco products.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 421B.2, subsection 2, Code 2024, is
2 amended to read as follows:

3 2. "*Cigarettes*" shall mean and include any roll for smoking,
4 made wholly or in part of tobacco, irrespective of size or
5 shape and whether or not such tobacco is flavored, adulterated
6 or mixed with any other ingredient, the wrapper or cover of
7 which is made of paper or any other substance or material
8 except tobacco, and include a heated tobacco product as defined
9 in section 453A.1.

10 Sec. 2. Section 453A.1, subsection 4, Code 2024, is amended
11 to read as follows:

12 4. "*Cigarette*" means any roll for smoking made wholly or in
13 part of tobacco, or any substitute for tobacco, irrespective of
14 size or shape and irrespective of tobacco or any substitute for
15 tobacco being flavored, adulterated, or mixed with any other
16 ingredient, where such roll has a wrapper or cover made of
17 paper or any other material. However, "*cigarette*" shall not be
18 construed to include cigars or heated tobacco products.

19 Sec. 3. Section 453A.1, Code 2024, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 15A. "*Heated tobacco product*" means a
22 product containing tobacco that produces an inhalable aerosol
23 by heating the tobacco by means of a device without combustion
24 of the tobacco or by heat generated from a combustion source
25 that only or primarily heats rather than burns the tobacco.
26 "*Heated tobacco product*" does not include a cigarette.

27 Sec. 4. Section 453A.1, subsection 28, Code 2024, is amended
28 to read as follows:

29 28. "*Tobacco products*" means cigars; little cigars as
30 defined in [section 453A.42, subsection 6](#); cheroots; stogies;
31 periques; granulated; plug cut, crimp cut, ready rubbed, and
32 other smoking tobacco; snuff, snuff flour; cavendish; plug and
33 twist tobacco; fine-cut and other chewing tobaccos; shorts; or
34 refuse scraps, clippings, cuttings and sweepings of tobacco,
35 and other kinds and forms of tobacco, prepared in such manner

1 as to be suitable for chewing or smoking in a pipe as a heated
2 tobacco product or otherwise, or both for chewing and smoking;
3 but does not mean cigarettes.

4 Sec. 5. Section 453A.42, subsection 16, Code 2024, is
5 amended by striking the subsection and inserting in lieu
6 thereof the following:

7 16. "*Tobacco products*" means the same as defined in section
8 453A.1.

9 Sec. 6. Section 453A.43, subsection 2, Code 2024, is amended
10 by adding the following new paragraph:

11 NEW PARAGRAPH. *f.* The taxes imposed by this subsection
12 shall not apply to heated tobacco products.

13 Sec. 7. Section 453C.1, subsection 4, paragraph a, Code
14 2024, is amended by adding the following new subparagraph:

15 NEW SUBPARAGRAPH. (4) A heated tobacco product as defined
16 in section 453A.1.

17

EXPLANATION

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

20 This bill relates to heated tobacco products and provides
21 for taxation of heated tobacco products as a tobacco product.

22 The bill amends Code section 421B.2(2) by including heated
23 tobacco products in the definition of cigarettes for the
24 purposes of cigarette sales including the determining of the
25 basic cost of cigarettes and the selling of cigarettes at less
26 than cost under Code chapter 421B (cigarette sales).

27 The bill amends Code section 453A.1(4) to provide that the
28 definition of "cigarette" does not include a heated tobacco
29 product for the purposes of Code chapter 453A (cigarette and
30 tobacco taxes and regulation of alternative nicotine products
31 and vapor products).

32 The bill amends Code section 453A.1, to define "heated
33 tobacco product" for the purposes of Code chapter 453A. Under
34 the bill, "heated tobacco product" means a product containing
35 tobacco that produces an inhalable aerosol by heating the

1 tobacco by means of a device without combustion of the tobacco
2 or by heat generated from a combustion source that only or
3 primarily heats rather than burns the tobacco; "heated tobacco
4 product" does not include a cigarette.

5 The bill amends Code section 453A.1(28) by including heated
6 tobacco products in the definition of "tobacco products" for
7 the purposes of Code chapter 453A (cigars, other tobacco
8 products, and alternative nicotine and vapor products). The
9 bill also amends Code section 453A.42(16) by defining "tobacco
10 products" for the purposes of subchapter II of Code chapter
11 453A the same as defined for the entire Code chapter under Code
12 section 453A.1.

13 Under current law, a tax is imposed on tobacco products
14 in the state and upon any person engaged in business as a
15 distributor of tobacco products at a rate of 22 percent and
16 an additional 28 percent of the wholesale sales price of
17 the tobacco products, except little cigars and snuff. By
18 including heated tobacco products in the definition of "tobacco
19 products", heated tobacco products are subject to this tax.
20 However, the bill exempts heated tobacco products from the
21 taxes imposed upon the use or storage by consumers of tobacco
22 products in the state, and upon consumers, at a rate of 22
23 percent and an additional rate of 28 percent of the cost of
24 tobacco products.

25 The bill amends Code section 453C.1(4)(a) to include in the
26 definition of "cigarette" a heated tobacco product for the
27 purposes of Code chapter 453C (tobacco product manufacturers —
28 financial obligations).