

**Senate File 2417 - Introduced**

SENATE FILE 2417

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3186)

**A BILL FOR**

1 An Act establishing an excise tax on the sales price of  
2 consumable hemp products sold or purchased at bars or  
3 restaurants.

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

1 Section 1. Section 423.3, Code 2024, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 110. The sales price from the sale or  
4 purchase of consumable hemp products subject to the excise tax  
5 under chapter 423H.

6 Sec. 2. NEW SECTION. **423H.1 Definitions.**

7 1. For the purposes of this chapter, unless the context  
8 otherwise requires:

9 a. "Bar" means an establishment where one may purchase  
10 alcoholic beverages, as defined in section 123.3, for  
11 consumption on the premises and in which the serving of food is  
12 only incidental to the consumption of those beverages.

13 b. "Consumable hemp product" means the same as defined in  
14 section 204.2.

15 c. "Department" means the department of revenue.

16 d. "Restaurant" means an eating establishment that offers  
17 food to the public or guests, and includes the bar area within  
18 a restaurant.

19 e. "Retailer" means a bar or restaurant.

20 f. "Sales price" or "purchase price" means the same as  
21 defined in section 423.1.

22 2. All other words and phrases used in this chapter and  
23 defined in section 423.1 have the meaning given them by section  
24 423.1 for the purposes of this chapter.

25 Sec. 3. NEW SECTION. **423H.2 Tax imposed.**

26 A tax of twenty-five percent is imposed on the sales price or  
27 purchase price of consumable hemp products sold by a retailer  
28 in the state of Iowa. This tax shall be collected and paid to  
29 the department by the retailer who sells the consumable hemp  
30 product.

31 Sec. 4. NEW SECTION. **423H.3 Exemptions.**

32 There is exempted from tax imposed by this chapter the  
33 following:

34 1. The sales price from the sales of consumable hemp  
35 products that this state is prohibited from taxing under the

1 Constitution of the United States or the Constitution of the  
2 State of Iowa.

3 2. The sales price or purchase price of sales for resale of  
4 consumable hemp products.

5 Sec. 5. NEW SECTION. **423H.4 Administration by director.**

6 1. The director of revenue shall administer the excise  
7 tax on consumable hemp products as nearly as possible in  
8 conjunction with the administration of the state sales tax law,  
9 except that portion of the law which implements the streamlined  
10 sales and use tax agreement. The director shall provide  
11 appropriate forms, or provide on the regular state tax forms,  
12 for reporting the sale of consumable hemp products excise  
13 tax liability. All moneys received and all refunds shall be  
14 deposited in or withdrawn from the general fund of the state.

15 2. The director may require all persons who are engaged  
16 in the business of deriving any sales price or purchase  
17 price subject to tax under this chapter to register with  
18 the department. The director may also require a tax permit  
19 applicable only to this chapter for any retailer not collecting  
20 taxes under chapter 423.

21 3. Section 422.25, subsection 4, sections 422.30, 422.67,  
22 and 422.68, section 422.69, subsection 1, sections 422.70,  
23 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection  
24 1, and sections 423.23, 423.24, 423.25, 423.31 through  
25 423.35, 423.37 through 423.42, and 423.47, consistent with  
26 the provisions of this chapter, apply with respect to the tax  
27 authorized under this chapter, in the same manner and with  
28 the same effect as if the excise taxes on consumable hemp  
29 product sales were retail sales taxes within the meaning of  
30 those statutes. Notwithstanding this subsection, the director  
31 shall provide for monthly filing of returns and for other than  
32 monthly filing of returns both as prescribed in section 423.31.  
33 All taxes collected under this chapter by a retailer are deemed  
34 to be held in trust for the state of Iowa.

35

EXPLANATION

S.F. 2417

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

3       This bill establishes an excise tax on the sales price  
4 of consumable hemp products sold or purchased at bars and  
5 restaurants in this state.

6       The bill imposes an excise tax of 25 percent on the sales  
7 price of consumable hemp products sold at a bar or restaurant,  
8 but exempts the sales price of such consumable hemp products  
9 from the sales tax. The bill defines "bar" and "restaurant".

10       The department of revenue (DOR) is required to administer  
11 the excise tax. The bill requires DOR to administer the  
12 excise tax as nearly as possible in conjunction with the  
13 administration of the state sales and use tax laws.

14       The moneys collected from the excise tax imposed in the bill  
15 are deposited into the general fund of the state.