

Senate Study Bill 3186 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON DAWSON)

A BILL FOR

1 An Act establishing an excise tax on the sales price of
2 consumable hemp products sold or purchased.
3 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 as defined in section
5 204.2.

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

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

9 a. "*Consumable hemp product*" means the same as defined in
10 section 204.2.

11 b. "*Department*" means the department of revenue.

12 c. "*Sales price*" or "*purchase price*" means the same as
13 defined in section 423.1.

14 2. All other words and phrases used in this chapter and
15 defined in section 423.1 have the meaning given them by section
16 423.1 for the purposes of this chapter.

17 Sec. 3. NEW SECTION. 423H.2 Tax imposed.

18 A tax of twenty-five percent is imposed on the sales price
19 or purchase price of all consumable hemp products sold or used
20 in the state of Iowa. This tax shall be collected and paid to
21 the department by any retailer, retailer maintaining a place of
22 business in this state, or user who would be responsible for
23 collection and payment of the tax if it were a sales or use tax
24 imposed under chapter 423.

25 Sec. 4. NEW SECTION. 423H.3 Exemptions.

26 There is exempted from tax imposed by this chapter the
27 following:

28 1. The sales price from the sales of consumable hemp
29 products that this state is prohibited from taxing under the
30 Constitution of the United States or the Constitution of the
31 State of Iowa.

32 2. The sales price or purchase price of sales for resale of
33 consumable hemp products.

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

35 1. The director of revenue shall administer the excise

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 8 refunds shall be deposited in or withdrawn from the general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

10 2. The director may require all persons who are engaged
 11 in the business of deriving any sales price or purchase
 12 price subject to tax under this chapter to register with
 13 the department. The director may also require a tax permit
 14 applicable only to this chapter for any retailer not
 15 collecting, or any user not paying, taxes under chapter 423.

16 3. Section 422.25, subsection 4, sections 422.30, 422.67,
 17 and 422.68, section 422.69, subsection 1, sections 422.70,
 18 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
 19 1, and sections 423.23, 423.24, 423.25, 423.31 through
 20 423.35, 423.37 through 423.42, and 423.47, consistent with
 21 the provisions of this chapter, apply with respect to the tax
 22 authorized under this chapter, in the same manner and with the
 23 same effect as if the excise taxes on consumable hemp product
 24 sales or use were retail sales taxes within the meaning of
 25 those statutes. Notwithstanding this subsection, the director
 26 shall provide for monthly filing of returns and for other than
 27 monthly filing of returns both as prescribed in section 423.31.
 28 All taxes collected under this chapter by a retailer or any
 29 user are deemed to be held in trust for the state of Iowa.

30 EXPLANATION

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

33 This bill establishes an excise tax on the sales price of
 34 consumable hemp products sold or purchased in this state.

35 The bill defines "consumable hemp product" to mean the same

1 as defined in Code section 204.2.

2 The bill imposes an excise tax of 25 percent on the sales
3 price of consumable hemp products, but exempts the sales price
4 of consumable hemp products from the sales tax.

5 The department of revenue (DOR) is required to administer
6 the excise tax. The bill requires DOR to administer the
7 excise tax as nearly as possible in conjunction with the
8 administration of the state sales and use tax laws.

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

11 By operation of Code section 423.6, an item exempt from the
12 imposition of the sales tax is also exempt from the use tax
13 imposed in Code section 423.5.