

House File 1035 - Introduced

HOUSE FILE 1035

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 321)

A BILL FOR

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

unofficial

1 Section 1. Section 421B.2, subsection 2, Code 2025, 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 shape
5 and whether or not such tobacco is flavored, adulterated or mixed
6 with any other ingredient, the wrapper or cover of which is made
7 of paper or any other substance or material except tobacco, and
8 include a heated tobacco product as defined in section 453A.1.

9 Sec. 2. Section 453A.1, subsection 4, Code 2025, is amended
10 to read as follows:

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

19 Sec. 3. Section 453A.1, Code 2025, 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 by
23 heating the tobacco by means of a device without combustion of
24 the tobacco or by heat generated from a combustion source that
25 only or primarily heats rather than burns the tobacco.

26 Sec. 4. Section 453A.1, subsection 29, Code 2025, is amended
27 to read as follows:

28 29. "Vapor product" means any noncombustible product, which
29 may or may not contain nicotine, that employs a heating element,
30 power source, electronic circuit, or other electronic, chemical,
31 or mechanical means, regardless of shape or size, that can be
32 used to produce vapor from a solution or ~~other substance~~ liquid.
33 "Vapor product" includes an electronic cigarette, electronic
34 cigar, electronic cigarillo, electronic pipe, or similar product
35 or device, and any cartridge or other container of a solution or

1 ~~other substance~~ liquid, which may or may not contain nicotine,
 2 that is intended to be used with or in an electronic cigarette,
 3 electronic cigar, electronic cigarillo, electronic pipe, or
 4 similar product or device. "Vapor product" does not include a
 5 product regulated as a drug or device by the United States food
 6 and drug administration under chapter V of the federal Food,
 7 Drug, and Cosmetic Act.

8 Sec. 5. Section 453A.6, subsection 1, Code 2025, is amended
 9 to read as follows:

10 1. a. There Except as provided in paragraph "b", there is
 11 imposed, and shall be collected and paid to the department, a
 12 tax on all cigarettes used or otherwise disposed of in this
 13 state for any purpose equal to six and eight-tenths cents on each
 14 cigarette.

15 b. There is imposed, and shall be collected and paid to the
 16 department, a tax on heated tobacco products used or otherwise
 17 disposed of in this state for any purpose equal to three and
 18 four-tenths cents on each consumable unit containing a heated
 19 tobacco product.

20 Sec. 6. Section 453A.42, Code 2025, is amended by adding the
 21 following new subsection:

22 NEW SUBSECTION. 5A. "Heated tobacco product" means the same
 23 as defined in section 453A.1, except "heated tobacco product"
 24 does not include a vapor product.

25 Sec. 7. Section 453A.42, subsection 16, Code 2025, is amended
 26 to read as follows:

27 16. "Tobacco products" means cigars; little cigars as defined
 28 herein; cheroots; stogies; periques; granulated, plug cut, crimp
 29 cut, ready rubbed, and other smoking tobacco; snuff; cavendish;
 30 plug and twist tobacco; fine-cut and other chewing tobaccos;
 31 shorts; refuse scraps, clippings, cuttings and sweepings of
 32 tobacco, and other kinds and forms of tobacco, prepared in such
 33 manner as to be suitable for chewing or smoking in a pipe or
 34 otherwise, or both for chewing and smoking; but shall not include
 35 cigarettes or heated tobacco products as defined in section

1 453A.1, ~~subsection 4.~~

2 Sec. 8. Section 453C.1, subsection 4, paragraph a, Code 2025,
3 is amended by adding the following new subparagraph:

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

6 EXPLANATION

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

9 This bill relates to the regulation and taxation of tobacco
10 products and heated tobacco products.

11 The bill amends Code section 421B.2 by including heated
12 tobacco products in the definition of cigarette for the purpose
13 of cigarette sales including the determining of the basic cost of
14 cigarettes and the selling of cigarettes at less than cost under
15 Code chapter 421B.

16 The bill amends Code section 453A.1(4) to provide that the
17 definition of "cigarette" includes heated tobacco products for
18 purposes of Code chapter 453A (cigarette and tobacco taxes and
19 regulation of alternative nicotine products and vapor products).

20 The bill defines "heated tobacco products" for purposes of
21 Code chapter 453A, subchapter I (cigarettes and alternative
22 nicotine products and vapor products), to mean a product
23 containing tobacco that produces an inhalable aerosol by heating
24 the tobacco by means of a device without combustion of the
25 tobacco or by heat generated from a combustion source that only
26 or primarily heats rather than burns the tobacco. The bill
27 defines "heated tobacco products" the same for the purposes
28 of Code chapter 453, subchapter II (cigars, other tobacco
29 products, and alternative nicotine and vapor products), except
30 the definition specifically excludes "vapor products" defined in
31 Code section 453A.1(29).

32 The bill amends Code section 453A.1(29) to provide that the
33 definition of "vapor product" include liquid nicotine rather than
34 just nicotine, and replaces the use of the term "other substance"
35 in the definition with the term "liquid".

1 Under current law in Code chapter 453A, subchapter I, a tax
2 is imposed under Code section 453A.6 on all cigarettes equal to
3 6.80 cents on each cigarette. However, the bill imposes a tax
4 on each cigarette that is a unit containing a heated tobacco
5 product under Code chapter 453A, subchapter I, that is equal to
6 3.40 cents.

7 Under current law in Code chapter 453A, subchapter II, a tax
8 is imposed under Code section 453A.43 on all tobacco products
9 in this state at a rate of 22 percent of the wholesale price
10 of the tobacco products, except little cigars and snuff.
11 Currently, cigarettes are also excluded from the 22 percent tax
12 on the wholesale price. By amending the definition of "tobacco
13 products" in Code chapter 453A, subchapter II, to exclude heated
14 tobacco products, the bill excludes heated tobacco products
15 including vapor products from the 22 percent tax on the wholesale
16 price of tobacco products.

17 The bill defines "cigarette" to include heated tobacco
18 products for purposes of regulating cigarettes under Code chapter
19 453C (tobacco product manufacturers — financial obligations).