

Senate File 475 - Introduced

SENATE FILE 475
BY COMMITTEE ON HEALTH AND HUMAN
SERVICES

(SUCCESSOR TO SSB 1137)

A BILL FOR

1 An Act imposing a tax on certain products containing nicotine
2 or nonnicotine substances, creating the Iowa cancer research
3 fund, and including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. **453A.6A Additional taxes imposed.**

2 1. For purposes of this section:

3 a. "E-liquid" means a liquid solution containing nicotine,
4 nicotine analog, a nonnicotine substance, or other material
5 consumed during the process of vaporization or aerosolization and
6 is intended to be used with or in a vapor product. "E-liquid"
7 does not include any product regulated as a drug or device by the
8 United States department of agriculture under chapter V of the
9 federal Food, Drug, and Cosmetic Act.

10 b. "Nicotine pouch" means a smokeless preportioned pouch
11 containing nicotine designed to be placed between the lip and
12 the gum where the nicotine is absorbed into the bloodstream. A
13 "nicotine pouch" is not a tobacco product.

14 c. "Retail sales price" means the same as "sales price" as
15 defined in section 423.1.

16 d. "Vapor cartridge" means a prefilled disposable cartridge
17 or pod containing nicotine, nicotine analog, a nonnicotine
18 substance, or other material consumed during the process of
19 vaporization or aerosolization and is intended to be used with
20 or in a vapor product. "Vapor cartridge" does not include
21 any product regulated as a drug or device by the United States
22 department of agriculture under chapter V of the federal Food,
23 Drug, and Cosmetic Act.

24 2. a. The following taxes shall be imposed, collected, and
25 paid to the department on the following products sold at retail
26 in the following amounts:

27 (1) For a vapor cartridge, one dollar and fifteen cents per
28 cartridge.

29 (2) For a nicotine pouch, six and eight-tenths cents per
30 pouch.

31 b. The following taxes shall be imposed and collected, and
32 paid to the department in the following amounts upon the retail
33 sales price:

34 (1) For a vapor product requiring the use of e-liquids,
35 fifteen percent.

1 (2) For e-liquids sold separately from a vapor cartridge,
2 fifteen percent.

3 3. The taxes imposed pursuant to this section are in addition
4 to any other taxes imposed by law.

5 Sec. 2. Section 453A.35, subsection 1, paragraph a, Code
6 2025, is amended to read as follows:

7 a. With the exception of revenues credited to the health care
8 trust fund pursuant to paragraph "b" and revenues credited to
9 the Iowa cancer research fund pursuant to paragraph "c", the
10 proceeds derived from the sale of stamps and the payment of fees
11 and penalties provided for under this chapter, and the permit
12 fees received from all permits issued by the department, shall be
13 credited to the general fund of the state.

14 Sec. 3. Section 453A.35, subsection 1, Code 2025, is amended
15 by adding the following new paragraph:

16 NEW PARAGRAPH. c. The revenues generated from the additional
17 tax in section 453A.6A shall be credited to the Iowa cancer
18 research fund created in section 453A.35B.

19 Sec. 4. NEW SECTION. **453A.35B Iowa cancer research fund.**

20 1. An Iowa cancer research fund is created in the office of
21 the treasurer of state under the authority of the department of
22 health and human services. The fund consists of the revenues
23 generated from the additional tax in section 453A.6A. Moneys in
24 the fund shall be separate from the general fund of the state and
25 shall not be considered part of the general fund of the state.
26 Moneys in the fund shall be used only as specified in this
27 section and shall be appropriated only for the uses specified.
28 Moneys in the fund are not subject to section 8.33 and shall
29 not be transferred, used, obligated, appropriated, or otherwise
30 encumbered, except as provided in this section. Notwithstanding
31 section 12C.7, subsection 2, interest or earnings on moneys
32 deposited in the fund shall be credited to the fund.

33 2. Moneys in the fund shall not be disbursed prior to July 1,
34 2026, and shall only be used for purposes related to supporting
35 and funding cancer research in the state. The department of

1 health and human services shall develop an application process
2 and guidelines for cancer researchers to receive moneys from the
3 fund.

4 3. The department of health and human services shall report
5 on the program pursuant to section 217.21, beginning with the
6 period disbursements commence.

7 Sec. 5. EFFECTIVE DATE. This Act takes effect January 1,
8 2026.

9 EXPLANATION

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

12 This bill imposes a tax on certain products containing
13 nicotine or nonnicotine substances.

14 For a vapor cartridge sold at retail, the bill imposes a \$1.15
15 tax per cartridge. For a nicotine pouch sold at retail, the bill
16 imposes a 6.8 cent tax per pouch. For a vapor product requiring
17 the use of e-liquids, the bill imposes a tax of 15 percent upon
18 the retail sales price. For e-liquids sold separately from a
19 vapor cartridge, the bill imposes a tax of 15 percent upon the
20 retail sales prices.

21 The taxes imposed pursuant to the bill are collected by the
22 department of revenue and are in addition to any other taxes
23 imposed by law, including the state sales tax.

24 The revenue generated by the bill is credited to the new
25 Iowa cancer research fund (fund), under the authority of the
26 department of health and human services (HHS). The bill specifies
27 moneys in the fund shall not be disbursed prior to July 1, 2026,
28 and shall only be appropriated for purposes related to supporting
29 and funding cancer research in the state. The bill requires
30 HHS to develop an application process and guidelines for cancer
31 researchers to receive moneys from the fund.

32 The fund is not subject to reversion and moneys or earnings
33 attributable to the fund are credited to the fund.

34 The bill defines "e-liquid", "nicotine pouch", "retail sales
35 price", and "vapor cartridge".

1 The bill takes effect January 1, 2026.

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