

**Senate Study Bill 1137 - Introduced**

SENATE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON HEALTH  
AND HUMAN SERVICES BILL BY  
CHAIRPERSON KLIMESH)

**A BILL FOR**

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

unofficial

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. EMERGENCY RULES. The department of revenue shall  
8 adopt emergency rules under section 17A.4, subsection 3, and  
9 section 17A.5, subsection 2, paragraph "b", to implement the  
10 provisions of this Act within sixty business days of the  
11 effective date of this Act and shall submit such rules to the  
12 administrative rules coordinator and the administrative code  
13 editor pursuant to section 17A.5, subsection 1, within the same  
14 period. The rules shall be effective immediately upon filing  
15 unless a later date is specified in the rules. Any rules adopted  
16 in accordance with this section shall also be published as a  
17 notice of intended action as provided in section 17A.4.

18 Sec. 6. EFFECTIVE DATE. This Act, being deemed of immediate  
19 importance, takes effect upon enactment.

20 Sec. 7. APPLICABILITY. This Act applies to retail sales of  
21 e-liquids, nicotine pouches, and vapor cartridges made on or  
22 after July 1, 2025.

23 EXPLANATION

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

26 This bill imposes a tax on certain products containing  
27 nicotine or nonnicotine substances.

28 For a vapor cartridge sold at retail, the bill imposes a \$1.15  
29 tax per cartridge. For a nicotine pouch sold at retail, the bill  
30 imposes a 6.8 cent tax per pouch. For a vapor product requiring  
31 the use of e-liquids, the bill imposes a tax of 15 percent upon  
32 the retail sales price. For e-liquids sold separately from a  
33 vapor cartridge, the bill imposes a tax of 15 percent upon the  
34 retail sales prices.

35 The taxes imposed pursuant to the bill are collected by the

1 department of revenue and are in addition to any other taxes  
2 imposed by law, including the state sales tax.

3 The revenue generated by the bill is credited to the new  
4 Iowa cancer research fund (fund), under the authority of the  
5 department of health and human services (HHS). The bill specifies  
6 moneys in the fund shall not be disbursed prior to July 1, 2026,  
7 and shall only be appropriated for purposes related to supporting  
8 and funding cancer research in the state. The bill requires  
9 HHS to develop an application process and guidelines for cancer  
10 researchers to receive moneys from the fund.

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

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

15 The bill takes effect upon enactment in order for the  
16 department of revenue to adopt emergency rules to implement  
17 the bill. The bill applies to the retail sales of e-liquids,  
18 nicotine pouches, and vapor cartridges made on or after July 1,  
19 2025.