

**Senate File 2480 - Reprinted**

SENATE FILE 2480  
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 3193)

(As Amended and Passed by the Senate April 22, 2026)

**A BILL FOR**

1 An Act relating to the taxation and regulation of alternative  
2 nicotine products and vapor products, making appropriations,  
3 and including effective date provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 453A.1, subsections 1 and 29, Code 2026,  
2 are amended to read as follows:

3 1. "*Alternative nicotine product*" means a product, not  
4 consisting of or containing tobacco, that provides for the  
5 ingestion into the body of nicotine, or a nicotine analog,  
6 whether by chewing, absorbing, dissolving, inhaling, snorting,  
7 or sniffing, or by any other means. "*Alternative nicotine*  
8 *product*" does not include cigarettes, tobacco products, or vapor  
9 products, or a product that is regulated as a drug or device by  
10 the United States food and drug administration under chapter V  
11 of the Federal Food, Drug, and Cosmetic Act.

12 29. a. "*Vapor product*" means any noncombustible product,  
13 which may or may not contain nicotine or a nicotine analog,  
14 that employs a heating element, power source, electronic  
15 circuit, or other electronic, chemical, or mechanical means,  
16 regardless of shape or size, that can be used to produce vapor  
17 from a solution or other substance. "*Vapor product*" includes an  
18 but is not limited to the following:

19 (1) Any product or device marketed, manufactured,  
20 distributed, or sold as an electronic cigarette, electronic  
21 cigar, electronic cigarillo, electronic pipe, or similar  
22 product or device, and any.

23 (2) Any cartridge or other container of a solution or other  
24 substance, which may or may not contain nicotine or a nicotine  
25 analog, that is intended to be used with or in an electronic  
26 cigarette, electronic cigar, electronic cigarillo, electronic  
27 pipe, or similar product or device.

28 (3) Any component, part, or accessory of such a product  
29 or device that is used during the operation of the product or  
30 device when sold in combination with any substance containing  
31 nicotine, a nicotine analog, tobacco, or tobacco derivative.

32 b. "*Vapor product*" does not include a any of the following:

33 (1) A product regulated as a drug or device by the United  
34 States food and drug administration under chapter V of the  
35 Federal Food, Drug, and Cosmetic Act.

1     (2) Any component, part, or accessory of such a product  
2 or device that is used during the operation of the product  
3 or device when not sold in combination with any substance  
4 containing nicotine, a nicotine analog, tobacco, or tobacco  
5 derivative.

6     Sec. 2. Section 453A.1, Code 2026, is amended by adding the  
7 following new subsection:

8     NEW SUBSECTION. 18A. "*Nicotine analog*" means a substance  
9 that has a chemical structure that is substantially similar to  
10 nicotine, or that has an effect on the central nervous system  
11 that is substantially similar to, or greater than, the effects  
12 of nicotine on the central nervous system.

13     Sec. 3. Section 453A.35A, subsection 1, Code 2026, is  
14 amended to read as follows:

15     1. a. A health care trust fund is created in the office  
16 of the treasurer of state. The fund consists of the revenues  
17 generated from the tax on cigarettes pursuant to section  
18 453A.6, subsection 1, from the tax on tobacco products as  
19 specified in [section 453A.43, subsections 1, 2, 3, and 4,](#)  
20 from the additional taxes on alternative nicotine and vapor  
21 products pursuant to section 453A.43A, and from the fees and  
22 penalties specified in [subchapter III,](#) that are credited to  
23 the health care trust fund, annually, pursuant to section  
24 453A.35. Moneys in the fund shall be separate from the  
25 general fund of the state and shall not be considered part of  
26 the general fund of the state. Moneys Except as otherwise  
27 provided, moneys in the fund shall be used only as specified  
28 in [this section](#) and shall be appropriated only for the uses  
29 specified. Moneys in the fund are not subject to [section 8.33](#)  
30 and shall not be transferred, used, obligated, appropriated,  
31 or otherwise encumbered, except as provided in [this section.](#)  
32 Notwithstanding [section 12C.7, subsection 2,](#) interest or  
33 earnings on moneys deposited in the fund shall be credited to  
34 the fund.

35     b. (1) For the fiscal year beginning July 1, 2027, and

1 each fiscal year thereafter, the first three million dollars  
2 from the amount of tax collected that is attributable to the  
3 additional taxes on alternative nicotine products and vapor  
4 products pursuant to section 453A.43A is appropriated from  
5 the health care trust fund to the state board of regents for  
6 the purpose of conducting pediatric cancer research, clinical  
7 therapy access, and providing physician-scientist leadership at  
8 the state university of Iowa stead family children's hospital.

9 (2) By December 1, 2028, and each December 1 thereafter,  
10 the state board of regents shall submit a report to the general  
11 assembly describing the research programs initiated or advanced  
12 as a result of the appropriations made to the hospital, the  
13 number of patients served, including patients enrolled in  
14 clinical trials or therapy, and any outcomes to the extent  
15 available, on the efficacy of the funded programs, trials, or  
16 therapies.

17 Sec. 4. Section 453A.40, subsections 1 and 3, Code 2026, are  
18 amended to read as follows:

19 1. All persons required to obtain a permit or to be licensed  
20 under [section 453A.13](#) or [section 453A.44](#) having in their  
21 possession and held for resale on the effective date of an  
22 increase in the tax rate cigarettes, little cigars, ~~or~~ tobacco  
23 products, alternative nicotine products, or vapor products upon  
24 which the tax under [section 453A.6](#), ~~or~~ [453A.43](#), or 453A.43A  
25 has been paid, unused cigarette tax stamps which have been  
26 paid for under [section 453A.8](#), unused metered imprints which  
27 have been paid for under [section 453A.12](#), or tobacco products,  
28 alternative nicotine products, or vapor products for which the  
29 tax has not been paid under [section 453A.46](#) shall be subject to  
30 an inventory tax on the items as provided in [this section](#).

31 3. The rate of the inventory tax on each item subject to  
32 the tax as specified in [subsection 1](#) is equal to the difference  
33 between the amount paid on each item under [section 453A.6](#),  
34 [453A.8](#), [453A.12](#), ~~or~~ [453A.43](#), or [453A.43A](#) prior to the tax  
35 increase and the amount that is to be paid on each similar item

1 under section 453A.6, 453A.8, 453A.12, or 453A.43, or 453A.43A  
2 after the tax increase except that in computing the rate of the  
3 inventory tax any discount allowed or allowable under section  
4 453A.8 shall not be considered.

5 Sec. 5. Section 453A.42, subsections 5, 7, 15, and 18, Code  
6 2026, are amended to read as follows:

7 5. "*Distributor*" means any and each of the following:

8 a. Any person engaged in the business of selling tobacco  
9 products, alternative nicotine products, or vapor products  
10 in this state who brings, or causes to be brought, into this  
11 state from without the state any tobacco products, alternative  
12 nicotine products, or vapor products for sale.

13 b. Any person who makes, manufactures, or fabricates tobacco  
14 products, alternative nicotine products, or vapor products in  
15 this state for sale in this state.

16 c. Any person engaged in the business of selling tobacco  
17 products, alternative nicotine products, or vapor products  
18 without this state who ships or transports tobacco products,  
19 alternative nicotine products, or vapor products to retailers  
20 in this state, to be sold by those retailers.

21 7. "*Manufacturer*" means a person who manufactures and sells  
22 tobacco products, alternative nicotine products, or vapor  
23 products.

24 15. "*Subjobber*" means any person, other than a manufacturer  
25 or distributor, who buys tobacco products, alternative nicotine  
26 products, or vapor products from a distributor and sells them  
27 to persons other than the ultimate consumers.

28 18. "*Wholesale sales price*" means the established price  
29 for which a manufacturer sells a tobacco product, alternative  
30 nicotine product, or vapor product to a distributor, exclusive  
31 of any discount or other reduction.

32 Sec. 6. NEW SECTION. 453A.43A Additional taxes on  
33 alternative nicotine and vapor products.

34 1. a. (1) A tax is imposed upon all alternative nicotine  
35 products and all vapor products in this state and upon any

1 person engaged as a distributor of alternative nicotine  
2 products and vapor products, at the following rates:

3 (a) On alternative nicotine products, five cents per  
4 container containing up to twenty units, and a proportionate  
5 tax at the same rate on each unit in excess of twenty units.

6 (b) On vapor products, five cents per milliliter of a  
7 solution containing nicotine or a nicotine analog and a  
8 proportionate tax at the same rate on any fractions of a  
9 milliliter.

10 (2) The tax imposed pursuant to subparagraph (1) shall be  
11 imposed based on the net volume of the solution as listed by  
12 the manufacturer.

13 b. The tax on alternative nicotine products and vapor  
14 products shall be imposed at the time the distributor does any  
15 of the following:

16 (1) Brings, or causes to be brought, into this state from  
17 outside the state alternative nicotine products or vapor  
18 products for sale.

19 (2) Makes, manufactures, or fabricates alternative nicotine  
20 products or vapor products in this state for sale in this  
21 state.

22 (3) Ships or transports alternative nicotine products or  
23 vapor products to retailers in this state, to be sold by the  
24 retailers.

25 2. A tax is imposed upon the use or storage of alternative  
26 nicotine products or vapor products in this state, and upon  
27 any person who uses or stores alternative nicotine products  
28 or vapor products, at the following rates, if the tax imposed  
29 under subsection 1 has not been paid:

30 a. (1) On alternative nicotine products, five cents per  
31 container containing up to twenty units, and a proportionate  
32 tax at the same rate on each unit in excess of twenty units.

33 (2) On vapor products, five cents per milliliter of a  
34 solution containing nicotine or a nicotine analog and a  
35 proportionate tax at the same rate on any fractions of a

1 milliliter.

2     *b.* The tax imposed pursuant to paragraph "a" shall be  
3 imposed based on the net volume of the solution as listed by  
4 the manufacturer.

5     3. Any alternative nicotine product or vapor product  
6 with respect to which a tax has once been imposed under  
7 this subchapter shall not again be subject to tax under this  
8 subchapter.

9     4. The tax imposed by this section shall not apply with  
10 respect to any alternative nicotine product or vapor product  
11 which under the constitution and laws of the United States may  
12 not be made the subject of taxation by this state.

13     5. The tax imposed by this section shall be in addition to  
14 any other taxes imposed by law.

15     6. All excise taxes collected under this section by any  
16 person are deemed to be held in trust for the state of Iowa.

17     Sec. 7. Section 453A.44, subsections 1, 3, and 10, Code  
18 2026, are amended to read as follows:

19     1. ~~No~~ A person shall not engage in the business of a  
20 distributor or subjobber ~~of tobacco products~~ at any place of  
21 business without first having received a license from the  
22 director to engage in that business at that place of business.

23     3. A person without this state who ships or transports  
24 tobacco products, alternative nicotine products, or vapor  
25 products to retailers in this state, to be sold by those  
26 retailers, may make application for a license as a distributor,  
27 be granted a license by the director, and thereafter be subject  
28 to all the provisions of this subchapter and entitled to act as  
29 a licensed distributor.

30     10. The director may revoke, cancel, or suspend the  
31 license or licenses of any distributor or subjobber for  
32 violation of any of the provisions of this subchapter, or  
33 any other act applicable to the sale of tobacco products,  
34 alternative nicotine products, or vapor products, or any rule  
35 or regulations promulgated by the director in furtherance of

1 this subchapter. ~~No~~ A license shall not be revoked, canceled,  
2 or suspended except after notice and a hearing by the director  
3 as provided in [section 453A.48](#).

4 Sec. 8. Section 453A.45, Code 2026, is amended to read as  
5 follows:

6 **453A.45 Licensees, duties.**

7 1. *a.* Every distributor shall keep at each licensed  
8 place of business complete and accurate records for that  
9 place of business, including itemized invoices, of tobacco  
10 products, alternative nicotine products, or vapor products  
11 held, purchased, manufactured, brought in or caused to be  
12 brought in from without the state, or shipped or transported to  
13 retailers in this state, and of all sales of tobacco products,  
14 alternative nicotine products, or vapor products made, except  
15 sales to the ultimate consumer.

16 *b.* When a licensed distributor sells tobacco products,  
17 alternative nicotine products, or vapor products exclusively to  
18 the ultimate consumer at the address given in the license, an  
19 invoice of those sales is not required, but itemized invoices  
20 shall be made of all tobacco products, alternative nicotine  
21 products, or vapor products transferred to other retail  
22 outlets owned or controlled by that licensed distributor. All  
23 books, records, and other papers and documents required by  
24 this subsection to be kept shall be preserved for a period  
25 of at least three years after the date of the documents or  
26 the date of the entries appearing in the records, unless the  
27 director, in writing, authorized their destruction or disposal  
28 at an earlier date. At any time during usual business hours,  
29 the director, or the director's duly authorized agents or  
30 employees, may enter any place of business of a distributor,  
31 without a search warrant, and inspect the premises, the records  
32 required to be kept under [this subsection](#), and the tobacco  
33 products, alternative nicotine products, or vapor products  
34 contained therein, to determine if all the provisions of this  
35 subchapter are being fully complied with. If the director,

1 or any such agent or employee, is denied free access or is  
2 hindered or interfered with in making the examination, the  
3 license of the distributor at that premises is subject to  
4 revocation by the director.

5 2. Every person who sells tobacco products, alternative  
6 nicotine products, or vapor products to persons other than the  
7 ultimate consumer shall render with each sale itemized invoices  
8 showing the seller's name and address, the purchaser's name and  
9 address, the date of sale, and all prices and discounts. The  
10 person shall preserve legible copies of all these invoices for  
11 three years from the date of sale.

12 3. Every retailer and subjobber shall procure itemized  
13 invoices of all tobacco products, alternative nicotine  
14 products, or vapor products purchased. The invoices shall show  
15 the name and address of the seller and the date of purchase.  
16 The retailer and subjobber shall preserve a legible copy  
17 of each invoice for three years from the date of purchase.  
18 Invoices shall be available for inspection by the director or  
19 the director's authorized agents or employees at the retailer's  
20 or subjobber's place of business.

21 4. Records of all deliveries or shipments of tobacco  
22 products, alternative nicotine products, or vapor products from  
23 any public warehouse of first destination in this state which  
24 is subject to the provisions of and licensed under chapter  
25 554 shall be kept by the warehouse and be available to the  
26 director for inspection. ~~They~~ The records shall show the name  
27 and address of the consignee, the date, the quantity of tobacco  
28 products, alternative nicotine products, or vapor products  
29 delivered, and such other information as the commissioner may  
30 require. ~~These~~ The records shall be preserved for three years  
31 from the date of delivery of the tobacco products, alternative  
32 nicotine products, or vapor products.

33 5. a. The transportation of tobacco products, alternative  
34 nicotine products, or vapor products into this state by means  
35 other than common carrier must be reported to the director

1 within thirty days with the following exceptions:

2 (1) The transportation of not more than fifty cigars, not  
3 more than ten ounces of snuff or snuff powder, or not more  
4 than one pound of smoking or chewing tobacco or other tobacco  
5 products not specifically mentioned herein;

6 (2) Transportation by a person with a place of business  
7 outside the state, who is licensed as a distributor under  
8 section 453A.44, or tobacco products, alternative nicotine  
9 products, or vapor products sold by such person to a retailer  
10 in this state.

11 b. The report shall be made on forms provided by the  
12 director. A report required under [this subsection](#) shall be  
13 filed electronically. A report required to be submitted  
14 electronically under [this subsection](#) that is filed in a manner  
15 other than in an electronic format specified by the department  
16 shall not be considered a valid submission unless the director  
17 has permitted the submission of such a report through an  
18 alternative method pursuant to [section 453A.57](#).

19 c. Common carriers transporting tobacco products,  
20 alternative nicotine products, or vapor products into this  
21 state shall file with the director reports of all such  
22 shipments other than those which are delivered to public  
23 warehouses of first destination in this state which are  
24 licensed under the provisions of [chapter 554](#). Such reports  
25 shall be filed electronically with the department on or before  
26 the tenth day of each month and shall show with respect to  
27 deliveries made in the preceding month all of the following:

28 (1) The date.

29 (2) The point of origin.

30 (3) The point of delivery.

31 (4) The name of the consignee.

32 (5) A description and the quantity of tobacco products,  
33 alternative nicotine products, or vapor products delivered.

34 (6) Such other information as the director may require.

35 d. Any person who fails or refuses to transmit to the

1 director the required reports or whoever refuses to permit the  
2 examination of the records by the director shall be guilty  
3 of a serious misdemeanor. In addition, any person who fails  
4 to timely submit a report required under [this section](#) is  
5 subject to a penalty in the amount of fifty dollars for each  
6 occurrence.

7 Sec. 9. Section 453A.46, subsection 1, paragraph a,  
8 subparagraph (1), Code 2026, is amended to read as follows:

9 (1) On or before the twentieth day of each calendar month  
10 every distributor with a place of business in this state shall  
11 file a return with the director showing for the preceding  
12 calendar month the quantity and wholesale sales price of  
13 each tobacco product, alternative nicotine product, or vapor  
14 product brought, or caused to be brought, into this state for  
15 sale; made, manufactured, or fabricated in this state for sale  
16 in this state; and any other information the director may  
17 require. Every licensed distributor outside this state shall  
18 in like manner file a return with the director showing for the  
19 preceding calendar month the quantity and wholesale sales price  
20 of each tobacco product, alternative nicotine product, or vapor  
21 product shipped or transported to retailers in this state to be  
22 sold by those retailers and any other information the director  
23 may require. Returns shall be made upon forms made available  
24 in electronic form and prescribed by the director and shall  
25 contain other information as the director may require. Each  
26 return shall be accompanied by a remittance for the full tax  
27 liability shown on the return, less a discount as fixed by the  
28 director not to exceed five percent of the tax. Within three  
29 years after the return is filed or within three years after the  
30 return became due, whichever is later, the department shall  
31 examine it, determine the correct amount of tax, and assess the  
32 tax against the taxpayer for any deficiency. The period for  
33 examination and determination of the correct amount of tax is  
34 unlimited in the case of a false or fraudulent return made with  
35 the intent to evade tax, or in the case of a failure to file a

1 return.

2 Sec. 10. Section 453A.46, subsection 6, Code 2026, is  
3 amended to read as follows:

4 6. On or before the twentieth day of each calendar month,  
5 every consumer who, during the preceding calendar month,  
6 has acquired title to or possession of tobacco products,  
7 alternative nicotine products, or vapor products for use or  
8 storage in this state, and upon which ~~tobacco products~~ the  
9 ~~tax~~ taxes imposed by section 453A.43 ~~has~~ or 453A.43A have not  
10 been paid, shall file a return with the director showing the  
11 quantity of tobacco products, alternative nicotine products,  
12 or vapor products so acquired. The return shall be made upon  
13 a form furnished and prescribed by the director, and shall  
14 contain other information as the director may require. The  
15 return shall be accompanied by a remittance for the full unpaid  
16 tax liability shown by it. Within three years after the return  
17 is filed or within three years after the return became due,  
18 whichever is later, the department shall examine it, determine  
19 the correct amount of tax, and assess the tax against the  
20 taxpayer for any deficiency. The period for examination and  
21 determination of the correct amount of tax is unlimited in the  
22 case of a false or fraudulent return made with the intent to  
23 evade tax, or in the case of a failure to file a return.

24 Sec. 11. Section 453A.47, Code 2026, is amended to read as  
25 follows:

26 **453A.47 Refunds, credits.**

27 Where tobacco products, alternative nicotine products, or  
28 vapor products upon which the tax imposed by this subchapter  
29 has been reported and paid are shipped or transported by the  
30 distributor to consumers to be consumed without the state or  
31 to retailers or subjobbers without the state to be sold by  
32 those retailers or subjobbers without the state or are returned  
33 to the manufacturer by the distributor or destroyed by the  
34 distributor, refund of such tax or credit may be made to the  
35 distributor in accordance with regulations prescribed by the

1 director. Any overpayment of the tax imposed under section  
2 453A.43 or 453A.43A may be made to the taxpayer in accordance  
3 with regulations prescribed by the director. The director  
4 shall cause any such refund of tax to be paid out of the general  
5 fund of the state, and so much of said fund as may be necessary  
6 is hereby appropriated for that purpose.

7 Sec. 12. Section 453A.47C, subsections 3 and 4, Code 2026,  
8 are amended to read as follows:

9 3. A retailer required to possess or possessing a permit  
10 under section 453A.13 or 453A.47A to make delivery sales  
11 of alternative nicotine products or vapor products within  
12 this state shall be deemed to have waived all claims that  
13 such retailer lacks physical presence within this state for  
14 purposes of collecting and remitting sales and use tax and the  
15 additional tax provided in section 453A.43A.

16 4. A retailer making taxable delivery sales of alternative  
17 nicotine products or vapor products within this state shall  
18 remit to the department all sales and use tax due on such sales  
19 at the times and in the manner provided by chapter 423, and  
20 remit the additional tax as provided in section 453A.43A.

21 Sec. 13. Section 453A.48, subsection 3, Code 2026, is  
22 amended to read as follows:

23 3. The director may exchange information with the officers  
24 and agencies of other states administering laws relating to the  
25 taxation of tobacco products, alternative nicotine products,  
26 and vapor products.

27 Sec. 14. EFFECTIVE DATE. This Act takes effect January 1,  
28 2027.