

# **Enhanced Tobacco Enforcement Appropriations Bill Senate File 375**

Last Action:

**Senate Floor**

March 26, 2003

**AN ACT relating to enforcement enhancements relative to certain tobacco product manufacturers, providing appropriations and penalties, and providing effective dates.**

**Executive Summary Only**



On Line At  
[staffweb.legis.state.ia.us/lfb/noba](http://staffweb.legis.state.ia.us/lfb/noba)

**LEGISLATIVE FISCAL BUREAU  
NOTES ON BILLS AND AMENDMENTS (NOBA)**

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**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**SENATE FILE 375  
ENHANCED TOBACCO ENFORCEMENT BILL**

**FUNDING SUMMARY**

**TOBACCO PRODUCT  
MANUFACTURER CERTIFICATION**

**WEBSITE DIRECTORY OF  
TOBACCO PRODUCT  
MANUFACTURERS**

**GENERAL FUND APPROPRIATIONS**

**NONCOMPLIANCE OF STATE  
TOBACCO REQUIREMENTS**

**NONPARTICIPATING  
MANUFACTURER AGENT FOR  
SERVICE REQUIREMENT**

**REPORTING REQUIREMENTS**

- Senate File 375 appropriates \$50,000 from the General Fund for FY 2004 to the Department of Revenue and Finance and \$646,000 from the Restricted Capital Fund for FY 2003 to the Office of the Treasurer of State. The Bill also establishes a standing appropriation of \$25,000 from the General Fund beginning in FY 2005 to the Department of Revenue and Finance.
- Requires tobacco product manufacturers that sell cigarettes in Iowa to annually certify to the Department of Revenue and Finance and the Attorney General that the manufacturer is either a participating member of the tobacco Master Settlement Agreement or that the manufacturer is in full compliance of Chapter 453C, Code of Iowa. The Bill requires the manufacturers to include specific information concerning product brands in the certification. Chapter 453C, Code of Iowa, regulates tobacco product manufacturers in Iowa in accordance with the Master Settlement Agreement.
- Requires the Department of Revenue and Finance to develop and publish on the Department's website a directory listing all tobacco product manufacturers that have submitted accurate certification information confirming compliance with Chapter 453C, Code of Iowa. The Bill requires the Department to develop and publish the directory no later than 90 days after the effective date of the Bill.
- Appropriates \$50,000 from the General Fund for FY 2004 to the Department of Revenue and Finance to implement the provisions of SF 375. The Bill also establishes a standing appropriation of \$25,000 beginning in FY 2005 for the Department's costs associated with monitoring and enforcing SF 375.
- Prohibits a tobacco product manufacturer from selling a cigarette brand not listed in the Department's website directory and prohibits placing an excise tax stamp on a package of cigarettes if that brand is not included in the Department's website. A violation of these provisions constitutes a serious misdemeanor. This Bill has no significant correctional impact.
- Requires a nonparticipating manufacturer to appoint an agent for service of process in Iowa that will represent the manufacturer in potential legal action against the manufacturer by the State for enforcement of Chapter 453C, Code of Iowa.
- Requires stamping agents and distributors to report quarterly to the Department of Revenue and Finance information regarding the total number of cigarettes for which an excise tax stamp has been affixed. Also, requires manufacturers to maintain documentation and invoices concerning the sale of all nonparticipating manufacturer cigarettes for a period of five years and make the information available to the Department. The Bill makes a violation of these provisions subject to a civil penalty.

**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**SENATE FILE 375  
ENHANCED TOBACCO ENFORCEMENT BILL**

**PENALTIES FOR NONCOMPLIANCE**

**RESTRICTED CAPITAL FUND  
APPROPRIATION  
EFFECTIVE DATE**

- Allows the Attorney General to require a nonparticipating manufacturer to submit financial information concerning the manufacturer's required escrow fund in order for the Attorney General to monitor and determine compliance with Chapter 453C, Code of Iowa.
- Permits the Department of Revenue and Finance to suspend or revoke a permit or license of any stamping agent or distributor for violations concerning submission of information to the Department for placement on the Department's website. Allows the Department to impose a civil penalty for such violation in an amount not to exceed \$5,000. The Bill also allows the Attorney General and the Department to recover costs from a stamping agent or distributor related to an investigation of a violation of these provisions
- Appropriates \$646,000 from the Restricted Capital Fund to fully fund the FY 2003 attorney litigation fees as required under the Master Settlement Agreement.
- This Bill takes effect upon enactment.

# Administration and Regulation

## General Fund

S.F. 375	S-Senate Act. FY 2003	Senate Action FY 2004	Senate Action FY 2005	Page & Line Number
	(1)	(2)	(3)	(4)
<b><u>Revenue and Finance, Dept. of</u></b>				
Tobacco Enforcement	\$ 0	\$ 50,000	\$ 0	PG 11 LN 26
Tobacco Enforcement-Standing	0	0	25,000	PG 10 LN 33
<b>Total Revenue and Finance, Dept. of</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>\$ 25,000</b>	

# Trans., Infra., and Capitals

## Non General Fund

S.F. 375	S-Senate Act.	Senate Action	Senate Action	Page & Line
	FY 2003	FY 2004	FY 2005	Number
	(1)	(2)	(3)	(4)
<u>Treasurer of State</u>				
Supp. Litigation Payment-RCF	\$ 646,076	\$ 0	\$ 0	PG 11 LN 32