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SENATE FILE
BY BOLKCOM

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Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to an increase in the tax on the wholesale price
2 of moist snuff.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 88
WAYS & MEANS

1 Section 1. Section 453A.1, subsection 26, Code 2001, is
2 amended to read as follows:

3 26. "Tobacco products" means cigars; little cigars as
4 defined in section 453A.42~~-subsection-5~~; cheroots; stogies;
5 periques; granulated; plug cut, crimp cut, ready rubbed, and
6 other smoking tobacco; moist snuff as defined in section
7 453A.42; snuff, snuff flour; cavendish; plug and twist
8 tobacco; fine-cut and other chewing tobaccos; shorts; or
9 refuse scraps, clippings, cuttings and sweepings of tobacco,
10 and other kinds and forms of tobacco, prepared in such manner
11 as to be suitable for chewing or smoking in a pipe or
12 otherwise, or both for chewing and smoking; but does not mean
13 cigarettes.

14 Sec. 2. Section 453A.42, Code 2001, is amended by adding
15 the following new subsection:

16 NEW SUBSECTION. 6A. "Moist snuff" means any finely cut,
17 ground, or powdered tobacco intended to be placed in the oral
18 cavity, except dry snuff.

19 Sec. 3. Section 453A.42, subsection 14, Code 2001, is
20 amended to read as follows:

21 14. "Tobacco products" means cigars; little cigars as
22 ~~defined-herein~~; cheroots; stogies; periques; granulated, plug
23 cut, crimp cut, ready rubbed, and other smoking tobacco; moist
24 snuff; snuff; snuff flour; cavendish; plug and twist tobacco;
25 fine-cut and other chewing tobaccos; shorts; refuse scraps,
26 clippings, cuttings and sweepings to tobacco, and other kinds
27 and forms of tobacco, prepared in such manner as to be
28 suitable for chewing or smoking in a pipe or otherwise, or
29 both for chewing and smoking; but shall not include cigarettes
30 as defined in section 453A.1~~-subsection-3~~.

31 Sec. 4. Section 453A.43, subsection 1, unnumbered
32 paragraph 1, Code 2001, is amended to read as follows:

33 A tax is imposed upon all tobacco products in this state
34 and upon any person engaged in business as a distributor of
35 tobacco products, at the rate of twenty-two percent of the

1 wholesale sales price of the tobacco products, except little
2 cigars as-defined-in-section-453A.42 and moist snuff. Little
3 cigars shall be subject to the same rate of tax imposed upon
4 cigarettes in section 453A.6, payable at the time and in the
5 manner provided in section 453A.6; and stamps shall be affixed
6 as provided in division I of this chapter. Moist snuff shall
7 be subject to tax at the rate of forty-four percent of the
8 wholesale sales price of the moist snuff. The tax on tobacco
9 products, excluding little cigars, shall be imposed at the
10 time the distributor does any of the following:

11 Sec. 5. Section 453A.43, subsection 2, unnumbered
12 paragraph 1, Code 2001, is amended to read as follows:

13 A tax is imposed upon the use or storage by consumers of
14 tobacco products in this state, and upon the consumers, at the
15 rate of twenty-two percent of the cost of the tobacco
16 products, except for moist snuff on which the rate of tax is
17 forty-four percent of the cost of the moist snuff.

18 Sec. 6. Section 453A.43, subsection 2, paragraph b, Code
19 2001, is amended to read as follows:

20 b. Less than 10 oz. moist snuff, snuff, or snuff powder.

21 Sec. 7. Section 453A.45, subsection 5, paragraph a, Code
22 2001, is amended to read as follows:

23 a. The transportation of not more than fifty cigars, not
24 more than ten ounces of moist snuff, snuff, or snuff powder,
25 or not more than one pound of smoking or chewing tobacco or
26 other tobacco products not specifically mentioned herein.

27 Sec. 8. INVENTORY TAX.

28 1. All persons required to be licensed under section
29 453A.44 as distributors having in their possession and held
30 for resale on June 30, 2001, moist snuff upon which the tax
31 under section 453A.43 has been paid shall be subject to an
32 inventory tax on moist snuff as provided in this section.

33 2. Persons subject to the inventory tax imposed under this
34 section shall take an inventory as of the close of the
35 business day on June 30, 2001, of the amount of moist snuff

1 subject to the inventory tax for the purpose of determining
2 the tax due. These persons shall report the tax on forms
3 provided by the department of revenue and finance and remit
4 the tax due within thirty days of the prescribed inventory
5 date. The department of revenue and finance shall adopt rules
6 as are necessary to carry out this section.

7 3. The rate of the inventory tax on the wholesale price of
8 moist snuff subject to the tax as specified in subsection 1 is
9 equal to the difference between the amount paid on the
10 wholesale price of moist snuff under section 453A.43 prior to
11 July 1, 2001, and the amount that is to be paid on the
12 wholesale price of moist snuff under section 453A.43 on or
13 after July 1, 2001.

14 EXPLANATION

15 This bill increases the tax on the wholesale price of moist
16 snuff from 22 percent to 44 percent. An inventory tax on
17 moist snuff is also imposed at a rate equal to the difference
18 between the rate paid before July 2001 and the rate to be paid
19 on or after July 1, 2001.

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