

COMMERCE

FILED FEB 13 2002

SENATE FILE

2162

BY ZIEMAN

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to cigarette retailer and manufacturer contract
2 provisions.

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

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

SF 2162
COMMERCE

1 Section 1. NEW SECTION. 453A.41 CIGARETTE RETAILER AND
2 MANUFACTURER CONTRACTS.

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Cigarette category space" means space in a retailer's
6 establishment that is reserved, made available, or identified
7 by a retailer for the display of products, signs, advertising,
8 promotion, or other communications relating to cigarettes.

9 b. "Promotion" means any means by which the effective
10 price paid by a consumer of cigarettes is reduced from the
11 regular price charged by the retailer when a manufacturer's
12 promotion is not in effect or applicable or when additional
13 cigarettes or other items are offered to the consumer in
14 connection with the purchase of cigarettes.

15 2. A retailer and a manufacturer may enter into contracts
16 which provide for any of the following:

17 a. Allowing the retailer to obtain, participate in, and
18 receive payments from the manufacturer under the
19 manufacturer's cigarette merchandising, advertising, display,
20 or promotion program, whether on a permanent or temporary
21 basis.

22 b. Allowing the retailer to be compensated by the
23 manufacturer for providing space for the merchandising,
24 advertising, display, or promotion of the manufacturer's
25 products.

26 c. Allowing the retailer to purchase cigarettes.

27 3. A contract entered into under subsection 2 shall not
28 directly or indirectly do any of the following:

29 a. Require the retailer to allocate any of the following:

30 (1) A percentage or fraction of all or any part of the
31 retailer's space available for product display, signage, or
32 advertising or cigarette category space to a manufacturer for
33 any purpose.

34 (2) A determined amount of space to a manufacturer to
35 receive, participate in, or receive payment under a

1 manufacturer's promotion.

2 b. Restrict or limit any of the following:

3 (1) A retailer's cigarette category space.

4 (2) A retailer's conducting of or participation in any
5 program or activity concerning the sale, display,
6 merchandising, promotion, pricing, or advertising of any
7 manufacturer's products.

8 4. A contract entered into in violation of this section
9 constitutes a violation of this division.

10 EXPLANATION

11 This bill provides that cigarette retailers and
12 manufacturers may enter into contracts that provide for any of
13 the following: allowing the retailer to obtain, participate
14 in, and receive payments from the manufacturer under the
15 manufacturer's cigarette merchandising, advertising, display,
16 or promotion program, whether on a permanent or temporary
17 basis; allowing the retailer to be compensated by the
18 manufacturer for providing space for the merchandising,
19 advertising, display, or promotion of the manufacturer's
20 products; or allowing the retailer to purchase cigarettes.

21 However, the bill prohibits such a contract from directly
22 or indirectly: requiring the retailer to allocate the
23 retailer's space available for product display, signage, or
24 advertising or cigarette category space to a manufacturer for
25 any purpose; requiring the retailer to allocate a determined
26 amount of space to a manufacturer to receive, participate in,
27 or receive payment under a manufacturer's promotion;
28 restricting or limiting a retailer's cigarette category space;
29 or restricting or limiting a retailer's conducting of or
30 participation in any program or activity concerning the sale,
31 display, merchandising, promotion, pricing, or advertising of
32 any manufacturer's products.

33 A person who violates this bill is subject to revocation of
34 licensure under Code section 453A.22.

35