

Red Tape Review Rule Report (Due: September 1, 2024)

| | | | | | |
|-------------------------|-------------|--|----------------------|--|---|
| Department Name: | Revenue | Date: | September 1, 2024 | Total Rule Count: | 16 |
| IAC #: | 701 | Chapter/ SubChapter/ Rule(s): | Chapter 254 | Iowa Code Section Authorizing Rule: | 453A.8, 453A.13 453A.25, 453A.40 453A.47 453A.47A, 453A.49 |
| Contact Name: | Matt Bishop | Email: | matt.bishop@iowa.gov | Phone: | (515) 452-9205 |

PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The chapter describes the Department’s interpretation of the underlying statutes to help the public understand the administration of the state’s cigarette and tobacco taxes, and the regulation of alternative nicotine and vapor products.

Is the benefit being achieved? Please provide evidence.

Yes. To the extent the Department proposes to re-promulgate rules in this chapter, the Department has determined the rules aid the public’s understanding of Iowa’s cigarette and tobacco tax regime and provide useful guidance to the public with respect to their statutory and regulatory obligations. To the extent rules are being rescinded, the Department has determined the rules were unnecessary or obsolete.

What are the costs incurred by the public to comply with the rule?

The rules do not impose any additional costs on the public beyond the costs imposed by the applicable statutes.

What are the costs to the agency or any other agency to implement/enforce the rule?

The rules do not impose any costs to the agency beyond those that would already be required to administer the statute. There are tax administration expenses associated with administering any tax statute, including return processing, and enforcement program work.

Do the costs justify the benefits achieved? Please explain.

Yes. There are no costs to the rules themselves and the rules that are being re-promulgated are useful explanations of issues and topics that could otherwise be confusing to the public. The cost of inaction would be confusion about applicability and imposition of the cigarette and tobacco taxes, and the regulation of alternative nicotine and vapor products and any associated licensing and reporting.

Are there less restrictive alternatives to accomplish the benefit? YES NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

Any less restrictive alternative was rejected by the Department because it would have hindered the ability to administer the statute and may threaten the Department's diligent enforcement obligation under the Master Settlement Agreement.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

Yes, chapter 254 contains rules with obsolete, outdated, unnecessary, and duplicative statutory language. The rules that will be re-promulgated have been determined to be necessary and amended to provide clarity and better organization.

RULES PROPOSED FOR REPEAL (list rule number[s]):

254.2 to remove outdated language and provisions that are duplicative of other Department rules.
254.3 to remove language that is duplicative of statute.
254.8 through 254.10 to remove reserved provisions.
254.11 to remove language that is duplicative of the Code and other Department rules
254.14 to remove language that is duplicative of the Code and other Department rules.
254.15 to remove reserved provisions.

RULES PROPOSED FOR RE-PROMULGATION (list rule number[s] or include rule text if available):

254.1 is amended to remove duplicative language, to update outdated language. and to provide clarity.
254.4 is amended to update outdated language and to provide clarity.
254.5 is amended to provide clarity.
254.6 is amended to update outdated language and to provide clarity.
254.7 is amended to provide clarity.
254.12 is amended to remove restrictive terms, to update outdated language, and to provide clarity.
254.13 is amended to update outdated language and to provide clarity.
254.16 is amended to update outdated language and to provide clarity.

The text of the proposed rules will be published with the Regulatory Analysis in the Iowa Administrative Code Bulletin in the coming months.

***For rules being re-promulgated with changes, you may attach a document with suggested changes.**

METRICS

| | |
|--|------|
| Total number of rules repealed: | 8 |
| Proposed word count reduction after repeal and/or re-promulgation | 1107 |
| Proposed number of restrictive terms eliminated after repeal and/or re-promulgation | 13 |

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

The Department would like to require all returns, reports, and other documents that are filed with the under chapter 453A, 453C, and 453D to be filed electronically using GovConnectIowa. The Department believes electronic filing will streamline the customer experience and will improve the Department's ability to administer the cigarette and tobacco tax chapters. The Department has statutory authority to require electronic filing by rule, but the Department would prefer a statutory change to ensure compliance.