

Staff Report

**DEVICE DELIVERY SELLER PERMITS**

March 10, 2026

**BACKGROUND:**

At its meeting on January 27, 2026, the City Council directed staff to place a memo regarding Device Delivery Seller Permits on a future agenda for consideration (original memo attached).

During the 2024 legislative session, the State of Iowa enacted Senate File 345, which regulates and taxes on certain glass- or metal-based smoking devices. These devices are defined as equipment or products made wholly or partly of glass or metal that are designed for inhaling—through combustion—tobacco, hemp, other plant materials, or controlled substances. Vapor products and certain traditional smoking products (e.g., briar or corn-cob pipes) are excluded from this definition.

As of January 2025, any retailer who intends to sell these devices to Iowa consumers via delivery must obtain a Device Delivery Seller Permit from the Iowa Department of Revenue. To obtain a Device Delivery Seller Permit, a retailer must already hold the following permits or licenses:

- Sales Tax Permit
- Tobacco Retailer License
- Device Retailer Permit (allows for the sale of devices in-store)
- Delivery Seller Permit (allows for the delivery of nicotine or vapor products, but not the devices themselves)

The application must include business information, permit type, business location, and identification of principal officers or partners, as outlined in Iowa Administrative Code 701—235.3.

Retailers selling these devices are also subject to a 40% excise tax on the sales price, in addition to standard sales and use tax.

**While the Device Delivery Seller Permit is issued by the Iowa Department of Revenue, cities may choose to:**

- **Agree to consider an application for each Device Delivery Seller Permit which is submitted,**
- **Establish zoning or land-use restrictions,**
- **Decline to take action, allowing state permitting to proceed without local involvement.**

**The municipality has the authority to deny each application for a permit. However, once**

**a Device Delivery Seller Permit is applied for, the permit fee is not refundable should the permit be denied or revoked or cancelled at a later time.** The permit fee is currently \$1,500.

To date, the City has not received any applications for the delivery permit. However, there are seven permitted device retailers in Ames who could potentially apply.

**OPTIONS:**

1. The City Council can agree to consider, on a case-by-case basis, any Device Delivery Seller Permit application which is submitted.
2. The City Council can agree that a business owner can bring a Device Delivery Seller Permit application to the City for consideration, but the City Council should first establish a policy upfront that the City Council intends to deny all applications brought before them.

Staff believes that under this option the City Council also should direct staff to notify businesses seeking a Device Delivery Seller Permit from the City of this new policy so they do not apply for the permit before the City Council and forfeit the \$1,500 application fee.

3. Decline to take action, allowing the State permitting to proceed without local involvement.

**STAFF COMMENTS:**

**The major policy decisions regarding this new permit are 1) does the City Council support the sale of certain glass- or metal-based smoking devices and, if so, 2) what level of involvement does the City Council want in this permit approval process?**

**If the City Council supports the delivery of these devices in the City and would like to participate in the approval of these applications, then Option1 should be supported.**

**If the City Council opposes the delivery of these devices in the City under any circumstances, yet still wants to go on record opposing the individual applications, then Option 2 should be supported.**

**If the City Council would prefer not to become involved in approval process for these applications, then Option 3 should be supported.**

**ATTACHMENT(S):**

[G.\\_Huff\\_-\\_Device\\_Delivery\\_Seller\\_Permits.pdf](#)