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SPAY-NEUTER, ROLL-YOUR-OWN CIGARETTE TAX DIE IN HOUSE

By Mannix Porterfield

Beckley Register-Herald (WV)

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Feral cats and stray dogs likely will remain a nuisance across West Virginia, absent a proposed spay and neuter program that died in the House over a question of funding.

Another victim in the final week of this session was a tax on roll-your-own cigarettes, this one allowed to die because of a legal issue.

House Finance Chairman Harry Keith White, D-Mingo, said he likes the idea of setting up a spay-neuter program, but it would cost \$90,000 merely to set up an office within the Department of Agriculture to run it.

"There was no funding in the bill to pay for spay and neuter," he said after Friday's floor session. "The concept is great. If the bill had been passed, there would have been no funding in it."

A Senate measure called for an allocation of \$50,000 to set up the program, but White said the fiscal note attached to it used a figure of \$90,000.

And that, he emphasized, didn't take into account the bills the state would be getting when pet owners took animals to veterinarians for spay-neuter treatments.

"The \$50,000 we saw probably would have been a low number," White said.

"Half of the program would have got up and running. And the Department of Agriculture would be administering the program. Hopefully, they will ask for a certain amount of money in their budget next year."

White said he anticipates a study resolution so the interims can examine the spay-neuter project and get a definitive number on how much money is needed.

"I think it's a good program," he said. "We've just got to see how much we're going to pay for it."

Even with the \$90,000, he said, there was no money in hand to cover the procedures. And once the veterinarians began turning in their bills, the state would have set aside nothing to cover them, White said.

"Obviously, we've got a problem out there," he said. "We've got to figure out how to do it."

Originally, the Senate considered an increase in the tax on pet food to finance spaying and neutering, but abandoned this idea.

In the case of the roll-your-own cigarettes, a Senate bill sent to the House would have applied the same 55-cents per pack on such establishments.

White said his committee decided to drop this bill in deference to a number of court challenges, some of them within a month or two of resolution.

"It didn't make a whole lot of sense to go ahead and pass, in our opinion, some sort of legislation which could have been overturned before we left town," the finance chairman said.

If the taxes pass court muster, White said he is willing to look at one in West Virginia.

"Obviously, we'll take a look at it and figure out some way to get the tax dollars down the road," he said. "If not, it will be a moot point. We wouldn't have to look at it, anyway."

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OSSOWO TOBACCO SHOP TAKING STAND AGAINST BILL

By Sally York
Argus-Press (MI)
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Rob Bitz, owner of Rollin' Smokes on Main Street and two other self-service tobacco shops, is hoping roll-your-own supporters will converge on the State Capitol Building at 10:30 a.m. Wednesday to express their views.

The occasion is a public hearing by a state House Tax Policy Committee on a proposed law that would subject roll-your-own shops to the same hefty taxes levied against the big tobacco companies, effectively putting them out of business.

"This is about small businesses in Michigan," Bitz said Friday. "This is about your rights, whether you're a smoker or not."

The state Senate passed the bill, SB 930, by an overwhelming 36-to-2 vote Feb. 22. But before the bill can become law, it must also be approved by the House of Representatives and signed by the governor.

The tax policy committee will eventually vote on whether to send the bill to the House floor. The purpose of Wednesday's session is to hear public opinion.

Angela Phillips, a clerk at Rollin' Smokes, said she'll be at the hearing, and may even address committee members.

"I love my job and I'm scared to death I'm going to lose it," she said. "All we do is help people save money and create jobs."

Bitz said he employs 40 people at his shops, in which customers typically make 200 cigarettes on rolling machines. The process takes about eight minutes, and cuts the cost of a carton's worth to \$30 — about half the price of those sold elsewhere.

Because customers operate the machines, the law currently does not consider shops to be "manufacturers" of cigarettes, liable for the \$2 state tax and \$1.01 federal tax levied on a regular pack of cigarettes.

Under SB 930, both roll-your-own shops and their customers would be "manufacturers" subject to the full array of taxes. Bitz believes that's unfair.

"Comparing us to big tobacco and taxing us at the same rate isn't apple-to-apple," he said. "We would be willing to pay proportionate taxes. I'm hopeful they'll come to an agreement with us."

Meanwhile, Bitz and other roll-your-own retailers — there are more than 30 stores statewide — are moving forward with an opposition effort that includes talking to state representatives, collecting petition signatures and organizing rallies.

The Roll-Your-Own Coalition hasn't managed to persuade everyone. State Sen. Joe Hune, R-Howell, voted for the bill and has said he believes the roll-your-own shops do in fact manufacture cigarettes.

State Rep. Ben Glardon, R-Owosso, who recently visited Rollin' Smokes, has told The Argus-Press he was impressed with the shop's business model but hasn't decided which way he'll vote on SB 930.

Phillips said no matter what happens with the bill, she'll keep rolling her own cigarettes — if not with a machine, then by hand.

"I will never buy them from the store again," she said.

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MILLER: ‘ROLL-YOUR-OWN’ BILL ONE OF MANY ABSURD POSITIONS

By Rich Miller

Southtown Star (IL)

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Despite a long Illinois tradition of supporting them, it’s not exactly news that Republican members of the General Assembly no longer like voting for taxes of any kind. And that attitude created a couple of somewhat absurd positions last week.

Let’s start with the “roll your own” bill. Legislation has been proposed to tax a growing practice of allowing people to use commercial machines to roll their own cigarettes in convenience stores and gas stations.

The stores sell their customers loose, bulk tobacco and then the customers dump the product into special rolling machines, which cost several thousand dollars each. The result is a per carton sale price that is about half the price of a pre-rolled carton of brand-name cigarettes, mainly because the taxes on loose tobacco are much lower than on commercial cigarettes.

Several states are confronting the issue after the machines started appearing in stores throughout the country. Legislatures in Indiana and Virginia are considering bills to up the tax on loose tobacco used in the machines, for instance. Wisconsin’s Department of Revenue told the stores in October to start paying taxes on the tobacco as if they were selling actual cigarettes.

Critics say these stores with the machines are little more than cigarette factories set up to avoid high cigarette taxes. Defenders say they’re not doing anything different than coffee shops that allow customers to pick specific blends, grinds and brands.

Tobacco giant Philip Morris is just one of the companies backing the Illinois bill. The company is worried that the roll your own machines will eventually eat into its profits. The tobacco company’s lobbying team is also warning that if the bill doesn’t pass, Philip Morris and other tobacco companies likely will jump into the machine-rolling business themselves, which could potentially cost the state hundreds of millions of tax dollars a year.

But the Republicans on the Senate Executive Committee balked at backing the measure, and it was “shelled out” last week by an amendment and moved to the Senate floor as basically an empty bill. The bill’s sponsor, Sen. Terry Link (D-Waukegan), said last week that he doubted he could come to an agreement with the opponents and likely would propose similar language in the next few weeks.

Republicans admitted privately that they backed away from voting for anything that might look like a tax increase. They also say they’ll probably support the bill after the primary ends because of the negative revenue consequences for the state.

Then there’s state Sen. Toi Hutchinson’s (D-Olympia Fields) proposal to charge a \$5 per head entrance fee tax on strip clubs that sell alcohol. The money generated would be sent to the state’s Sexual Assault Prevention Fund. The proposal sailed out of the Senate Public Health Committee last week on a unanimous vote, but there was a catch. Actually, there were two catches.

The bill has generated a bit of controversy, but it apparently presented a unique dilemma for a couple of Republicans who sit on the Public Health Committee. Possibly harming the business interests of “immoral establishments” might be a plus. But voting to tax those establishment still meant voting for a tax.

So two Republicans in hotly contested GOP primaries, Sen. Shane Cultra (R-Onarga) and Sen. Christine Johnson (R-Shabbona), discreetly left the hearing room just before the committee began voting on what some wisecrackers have called the “pole tax.” The bill passed unanimously, but without those two votes.

Johnson’s primary opponent Sen. Dave Syverson (R-Rockford) also sits on the Public Health Committee, but he voted for the bill. Johnson has been running television ads blasting Syverson for favoring tax hikes and touting herself as the true social and fiscal conservative in the race.

The other walkout, Sen. Cultra, is also the more socially conservative candidate in his Republican primary race against state Rep. Jason Barickman (R-Champaign).

As I mentioned earlier, things are expected to calm down a bit after the March 20 primary. The Republicans still will oppose most taxes, but the mere mention of the word probably won’t spook them so badly once they get past their elections. Maybe then everybody can grow up and start acting like adults.

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ROLL-YOUR-OWN SMOKES ARE HOT ITEMS

By Karen Jeffrey
Cape Cod Times (MA)
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Thomas Patev figures he saves close to \$50 a week by rolling his own cigarettes, and not in the manner you might think.

None of that messy roll-your-own-at-home stuff for Patev, a Hyannis resident. Instead, once a week he pops around the corner to the Sav-On gas station on West Main Street in Hyannis, where he buys an 8-ounce sealed pouch of tobacco and a box of paper tubes and then “rents” a cigarette rolling machine at the back of the store. The machine, which stands more than 3 feet high and 4 feet wide, uses an air compressor to force loose tobacco into pre-made paper tubes, replete with filters.

It takes anywhere from seven to 10 minutes for Patev to make between 191 and 201 cigarettes. The number varies, depending upon how tightly packed a consumer wants the cigarette.

“I heard about it and came down a few weeks ago to check it out. I’ve been coming back ever since,” Patev said. “I’ve told everyone at work. ... I figure if you are going to smoke, might as well find a way to save some money.”

Welcome to the world of roll-your-own-cigarettes, where the equivalent of a carton of cigarettes sells for \$27.95 rather than the \$70 to \$85 a commercially produced carton would cost, depending upon brand preference. Roll-your-own cigarettes can come in a variety of strengths, blends and flavors — just like their commercially produced and packaged cousins.

"I figure this boils down to about \$3 a pack," Patev said Tuesday as he prepared his smokes for the week. "I haven't really noticed a difference in quality, just the difference in what I have left over in my wallet."

Station owner Jay Imad installed the machine, manufactured by Cincinnati-based RYO Machine LLC, about four months ago. He had identical machines installed at two other gas station/stores he runs — Jay Mart on Route 28 in South Yarmouth and a Getty Station on Main Street in Wareham.

"I haven't seen an impact in the packaged sales of cigarettes in my stores," Imad said. "So far the machine hasn't made a dent in those sales. The customers who rent the machine are the people who have been buying tobacco and rolling their own for some time. This just makes it easier for them."

"I do not encourage people to smoke. I am not suggesting people should start," said Imad, who quit smoking seven years ago. "And we are very careful not to sell tobacco to teenagers."

So why install the machines, which can run anywhere from \$30,000 to \$35,000 apiece? Imad acknowledges "it is going to take a long time to pay them off, based on the sales so far."

"I am a small-business man, always looking to give my customers something more," said Imad, whose small stores at the three service stations also sell food imported from Poland, Russia and Lebanon for the small immigrant communities representing those countries, including workers who come for the summer only.

"You can sell to niche markets. It brings people into your business," he said.

Tax savings

In Massachusetts the discounted price for roll-your-own cigarettes is the result of a difference in state taxes on loose tobacco and commercially produced cigarettes. When the Legislature increased the cigarette tax in 2009, it neglected to include an increase on loose tobacco. The federal tax on tobacco is the same whether it is loose or commercially prepared, used for cigarettes or pipes.

Also reducing the price is the fact the customer provides the labor for self-made cigarettes and the difference in prices between pipe tobacco and cigarette tobacco, said roll-your-own supporters. Pipe tobacco is generally more coarsely cut and has fewer additives than cigarette tobacco. However, sellers of loose tobacco have started cutting some traditional cigar tobacco finer so it can be used in cigarettes.

Roll-your-own cigarettes are not a new phenomenon. But the popularity of machines in convenience stores and smoke shops has been on the rise in recent years, keeping pace with rising state and federal taxes on cigarettes, according to the Alcohol and Tobacco Tax and Trade Bureau, a division of the U.S. Treasury.

In the past 10 years sales of commercially manufactured cigarettes have dropped while sales of loose tobacco, used in cigarettes and pipes, have increased, according to reports on the bureau's website, www.ttb.gov.

In 2011, an estimated 278 billion commercial cigarettes were made in the United States and Puerto Rico — that's down about 42 percent from 10 years ago. Simultaneously, production of loose tobacco has increased, from 12 million pounds in 2001 to 32 million pounds in 2011, an increase of more than 100 percent, according to the same reports on the bureau's website, www.ttb.gov.

Robert Collett, the tobacco control director for the Cape and the Islands, said municipal health officers are keeping an eye out for machines.

But so far, the only complaints Collett has heard have come from store owners near the Hyannis Sav-On.

"They've said they are losing a lot of business because they are not doing the same number of cigarette sales. Their problem is that these machines have exclusivity clauses. When they are sold, the buyer gets a guarantee that no one else within a three-mile radius or so can buy and operate a machine," he said.

States' rules vary

As quickly as roll-your-own machines appear in stores, so do lawsuits and legislative attempts to make them cost-prohibitive to owners. As part of his 2013 budget Gov. Deval Patrick has proposed that machine owners be required to get a \$25,000 license.

In September, a West Virginia judge decided that a tobacco shop violated state and federal laws because it was not charging customers state and federal taxes on self-rolled cigarettes. In Wisconsin, state officials told machine owners they needed to get manufacturing permits to operate machines, but that ruling has been challenged in court. Last summer the N.H. Supreme Court ruled the same.

Massachusetts Attorney General Martha Coakley has defined roll-your-own machine owners as cigarette manufacturers. And in September the Alcohol and Tobacco Tax and Trade Bureau issued a ruling that retailers who provide access to the machines are the manufacturers and subject to the same licensing rules as the big companies, such as Philip Morris International and Reynolds Tobacco Co.

But the issue hasn't been settled yet. Just recently a judge in a Connecticut Superior Court ruled that owners of roll-your-own machines are not commercial manufacturers, where one machine can produce 200,000 cigarettes in 10 minutes.

Advocates of the roll-your-own machines say it is ridiculous to compare commercial companies to individuals producing cigarettes for private consumption.

"Pull-ease," said Rebecca Howard of Centerville, who recently began making her own cigarettes at the Sav-On. "That a ruse for anti-smokers. I'm not going to debate the issue of smoking. It's a personal choice I make, like my neighbor who chooses to drive a big gas-hogging, smog-producing SUV, and the neighbor on the other side chooses to drive a big frigging truck. Should there be a higher tax on the gas those vehicles use because they are worse polluters? Should the owner of a gas station have to get the same kind of licenses as the corporations that produce the gas?"

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ROLL-YOUR-OWN SAVINGS COULD GO UP IN SMOKE

By Sharon Salyer
The Daily Herald (WA)
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It's simply about saving money.

About 18 months ago, they became regulars at Tobacco Joes, a shop tucked into a small strip of business along Everett Mall Way.

People are drawn to the business by the promise of savings -- big savings -- on cigarettes.

But customers have to be willing to take on a do-it-yourself style project: picking out the specific type of tobacco they want from a line of plastic storage bins and choosing the paper cigarette tubes into which the tobacco will be inserted.

In a matter of about 10 minutes, a nearby automated machine can produce the equivalent of a carton of cigarettes for about half the price of store-bought.

Customers are able to bypass hefty cigarette taxes by using pipe tobacco, which is taxed at lower rates. It's triggered a debate among state lawmakers, who are considering whether this tobacco should be taxed at higher, cigarette-like rates.

The debate doesn't involve small change. At stake is about \$13 million a year in potential tax revenues, according to the state Office of Financial Management.

If the state does increase taxes on pipe tobacco, it would mean that the equivalent of a carton of cigarettes at the roll-your-own shops would cost about \$67.60, nearly matching the state average of \$70 a carton.

The state House approved increasing the tax before the end of the legislative session Thursday. The state Senate would need to take action in its special session that starts today for it to go into effect.

The equivalent of a carton of cigarettes can be purchased at Tobacco Joes for about \$39. Discounts for multiple purchases allow customers to buy the equivalent of two cartons for about \$68, a savings of as much as \$50 to \$60 a carton depending on brand, Holly Halonen said.

Taxing the pipe tobacco at cigarette-like rates would take away the economic incentive for customers to come to his store, said Joe Baba, owner of Tobacco Joes.

That would put an estimated 250 employees out of work at the 65 Washington stores that have the \$30,000 roll-your-own cigarette machines, he said.

Stores like his are still paying tobacco taxes, he said. But if the Legislature approves the new tax, "it doubles the price of the tobacco we buy."

"The state believes our customers, by choosing pipe tobacco to make their smokes, are avoiding the cigarette excise tax," Baba said. "Rolling your own has been around for 100 years. People have always had that choice."

Many customers choose to buy pipe tobacco and make their own cigarettes "when it tastes good and it's a lot cheaper," Baba said. "In today's economy, saving money is a huge priority for most families."

Bentler said he thinks the machines will continue to spread across the state.

"It's very clever," Bentler said. "They basically buy loose tobacco, which we believe is really cigarette tobacco, where they don't have to pay as high of a tax as the cigarette excise tax."

Bentler said that those who think that the tobacco used in roll-your-own shops is inferior should go see for themselves what's being offered. "They'll ask what kind of cigarette (they want) and if they say Camel, they'll point you to the blend that's like that kind of cigarette," Bentler said.

"Convenience stores are losing money," he said. "The state's losing money. I believe these machines will continue to grow as long as people can purchase for 50 percent less what they buy at our stores."

Holly Halonen said she and her husband used to smoke Marlboros, and recently paid nearly \$9 for a pack for the name-brand cigarettes.

They're able to produce a pack of cigarettes at Tobacco Joes for about \$3 each, she said. "After we had been smoking these for a while, they are really good," she said.

Her husband said they both had the same reaction --"yuck" -- to temporarily switching back to Marlboros after running out of their roll-your-own supply.

The store has provided petitions so that customers can let lawmakers know about their objections to the proposed new tax on pipe tobacco.

"It would run us out of business," said Toni Haddanuff, the store manager.

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IDAHo LEGISLATURE LOOKS AT TOBACCO TAX INCREASE TODAY

Idaho Public Radio

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A long-rumored bill to boost the state tobacco tax gets a print hearing today at the Idaho Legislature. The bill's stated goal isn't to increase state revenue, but to keep kids from ever picking up the smoking habit.

Heidi Low, state director of government relations for the American Cancer Society Cancer Action Network, says the tobacco tax is the most cost-effective measure to prevent smoking. The tax increase would be \$1.25 cents per pack, she says.

"In the experience of state after state after state, when you significantly increase the price of cigarettes, you decrease youth ever beginning to smoke."

A new report from the U.S. Surgeon General says smoking has become a "pediatric epidemic." Low says the percentage of Idaho high school students who have tried cigarettes is about 40 percent, and about 10 percent say they smoked their first whole cigarette before age 13. She predicts Idaho could expect up to a 20 percent decrease in youth smoking if the bill is approved.

Low admits there has been strong resistance in the Legislature to raising any taxes to boost state revenue, so this bill makes it clear that most of the money generated would go toward covering tobacco-related health care costs. She says those costs top \$80 million in Medicaid in Idaho every year.

Another portion of the revenue would be used to help smokers quit, she says.

"Addicted smokers have a stronger addiction to tobacco than users of even cocaine."

More than 20 organizations interested in children and health are backing the bill, Low adds. The print hearing is in the House Revenue and Taxation Committee, which convenes at 9 a.m. in the Statehouse.

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PRESS RELEASE: AMAZING MOVE COULD LEAVE COMPETITORS BEHIND

Press Release from TobaccoGeneral.com

March 11, 2012

Nowadays when prices for traditional branded cigarettes in the US sky rocket every year emptying pockets of smokers, making one's own cigarettes became popular. Tobaccogeneral.com is launching a new section on their website where customers now can buy all the necessary components and accessories to make their own cigarettes at home.

During this economic downfall, people in the United States are trying to cut their expenses in all areas. Smokers have an additional expense which can't be cut off completely. People prefer to spend an extra half an hour in the evening rolling their own cigarettes than pay triple price for ready ones. This will not only give the pleasure of smoking the best tobacco, but also helps smokers to control their habit. More and more smokers these days buy tobacco and tubes separately turning their kitchens into temporary portable tobacco factories. When all the right ingredients and accessories are available, making one's

own cigarette is very easy. It also gives the satisfaction that the cigarette is rolled by the person and in the process of rolling, chemical junk can be avoided.

Tobaccogeneral.com is a new website launched recently for anyone looking for different types of tobacco products like pipe tobacco, smoking pipes, smoking accessories, cigars, hookahs and hookah accessories at reasonable prices. Besides setting up affordable prices, the website administrators are constantly looking for ways to improve customer experience, and to invent new things in order to be ahead of competitors. What could be new in a traditional tobacco selling online store?

One of the ideas was to sell not only tobacco and empty cigarette tubes, but also machines and all accessories for making cigarettes. Smokers don't have to derive pleasure just from smoking. They can spend their time in making their own smoke, which will certainly enhance the smoking experience. There is no need to create a small factory in the backyard for making cigarettes. With a few minutes, good quality cigars can be made with authentic tobacco.

Tobaccogeneral.com just announced the opening of a new section on their website called "Roll Your Own" (RYO). Now the website became one-stop online smoke shop for consumers who would like to make their own cigarettes in their leisure time. Two basic kinds of Cigarette Making Machines: Injector Machines and Rolling Machines. Prices for cigarette making machines vary from \$19.99 to \$43.99. Those who don't want to complicate themselves with fancy looking machines can easily get RYO rolling papers which are simple and straightforward to use. The RYO tobacco wraps come in different flavors and smokers can choose how they want their smoke to be.

From the comfort of home, these RYO smoking accessories can be purchased which can be used to make a smoke in a jiffy. Freshly rolled cigarettes are much better than factory made cigarettes that often lose their potency in the shelves. In the long run, rolling cigarettes at home with wholesale tobacco purchases can prove to be cost effective instead of purchasing factory cigarettes and the pleasure of smoking is doubled with cigarettes that are self-rolled.