

February 27, 2012

BILL WOULD HIKE TAX ON 'ROLL-YOUR-OWN' CIGARETTES

By Dave Dahl

WJBC 550-AM (Bloomington, IL)

February 27, 2012

Smokers can get around the state cigarette tax by rolling their own. More accurately, by going to a store which has a cigarette machine allowing you to put in loose tobacco and 200 pre-rolled papers.

The finished product comes out in minutes, and you walk away with a carton's worth of cigarettes for about \$20, as opposed to the \$50 or more you'd pay for the leading national brand at a convenience store. That's because the tax rate is different, and a bill which a Senate committee heard Wednesday would change that.

The bill is sponsored by Senator Terry Link, D-Waukegan, who says his measure is about fairness.

The Illinois Department of Revenue's Jim Nicholson says, "In one year, we see the amount of tax that would have otherwise been collected (rise) from \$2.1 million to \$10.7 million. This is a rapidly increasing method to produce cigarettes without being subject to the cigarette tax."

Advocates of the "roll your own" industry said all the bill would do is encourage the customers – who already pay some tax – to go out of state or to the Internet. Owners of roll-your-own shops in Worth and Peoria described themselves as job creators who would have to put their employees out of work if the bill passes.

After other senators had questions about who would benefit and who would be hurt, Link agreed to work on the bill some more. Another element of the bill drawing concern is the provision that would classify the store owners as manufacturers and subject them to further regulation.

Full article: <http://wjbc.com/bill-would-hike-tax-on-roll-your-own-cigarettes>

ROLL YOUR OWN

By Max Resnik

Indiana NewsCenter (For Wayne, IN)

February 24, 2012

With the effects of the economic downturn still being felt by many, smokers are finding new ways to save money.

One place smokers can go to save money on cigarettes is Low Bob's Discount Tobacco. There, smokers can purchase tobacco by the pound, pour it into a "Roll Your Own" machine and have their cigarettes made on site.

It works in just a few steps. First, a customer scoops about a pound of tobacco out of a transparent bin towards the back of the store. After collecting it in what appears to be a small flower pot, the customer will take it to the "Roll Your Own" machine. The customer also needs to pick out some tubes. The tubes are used to hold the tobacco and come with filters. After pouring the tobacco into the top of the machine, the customer simply presses "ok" and the machine packs the tobacco into the tubes. All of it takes about 10 minutes and can dispense about 200 cigarettes.

Gregory Shepherd is a customer of Low Bob's and is one of 15 to 20 daily customers seeking the cheaper option. In fact, a pound of tobacco, which can run anywhere from \$10 to \$20, can spit out two to two and a half cartons of cigarettes. Customers pay close to \$60 for one carton from one of the big name cigarette brands. Shepherd says rolling his own is the way to go.

"Monthly, I think I'm saving right about \$50 to \$75 by rolling my own."

Many customers head straight for the counter and ask for their favorite pack of cigarettes, but Shepherd says waiting a few minutes and saving money is definitely worth it.

"It only takes a few minutes to set it up and to actually run the machine. So for a few minutes of my time of getting the machine set up, ready to go, it's to my advantage."

Adam Pence, the manager of Lob Bob's, also says "Roll Your Own" is worth it. He says tobacco and cigarette rolling supplies, which include home rollers, filters, rolling papers and tubing, is growing in popularity and makes up a great portion of his business.

"It's gaining up there. I mean it's close to with the sales of cigarettes nowadays. I mean, I would say about 50 percent or right around there."

"Roll Your Own" is the subject of controversy in both Illinois and West Virginia right now. Some have argued that Roll Your Own allows shop owners and customers to avoid a tax that is otherwise placed on more common packs of cigarettes. Two local operators say there is no tax avoidance. They say the tobacco, because it is labeled as pipe tobacco, falls under a different taxable rate.

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JUDGE BLOCKS CRACKDOWN ON ROLL-YOUR-OWN CIGARETTE MACHINES

Wisconsin Associated Press

February 25, 2012

A Dane County judge has issued a temporary injunction blocking a state crackdown on roll-your-own cigarette machines.

Robert Petersen, owner of Rib Mountain Tobacco and Liquor, filed a lawsuit last year after the state Department of Revenue told machine owners they need manufacturing and distribution permits to operate. Petersen argues machine owners sell loose tobacco and leave the manufacturing to customers.

Judge Juan B. Colas issued a temporary restraining order blocking DOR's crackdown in October. On Friday, Colas granted Petersen's motion for a temporary injunction. The decision means the state crackdown remains stalled and signals the case will continue to a hearing on a permanent prohibition.

DOR spokeswoman Stephanie Marquis says agency officials are disappointed.

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INJUNCTION ORDERED IN CIGARETTE ROLLING MACHINE LAWSUIT

WTAQ (Madison, WI)

February 25, 2012

A temporary injunction issued in Dane County has stopped a state crackdown on roll-your-own cigarette machines. The owner of Rib Mountain Tobacco and Liquor had filed a lawsuit last year after the state had told machine owners they need manufacturing and distribution permits to operate them. Peterson's lawyers argue the machine owners sell loose tobacco, but the customers do the manufacturing. Judge Juan Colas granted Peterson's motion for a temporary injunction, stalling the state's crackdown and leading to an eventual hearing on a permanent prohibition.

Originally published at <http://wtaq.com/news/articles/2012/feb/25/injunction-ordered-in-cigarette-rolling-machine-lawsuit/>

STATEHOUSE BEAT: COMPROMISE OR LOBBY COMPETITION?

By Phil Kabler

Charleston Gazette-Mail (WV)

February 26, 2012

How times have changed: After being moved to the inactive House calendar last week over objections from coal industry lobbyists, Gov. Earl Ray Tomblin's coal safety legislation (HB4351) is back on the active calendar and will be on amendment stage on the House floor this morning, after all sides worked out an agreement Friday.

Actually, not so much a compromise as the Tomblin administration and House leadership, under Speaker Rick Thompson, D-Wayne, drawing a line in the sand telling the industry no further concessions would be granted.

It wasn't too long ago that the process was the other way around. However, with competition from gambling interests, big Pharma and, increasingly, the gas/petrochemical industry, coal is not the predominant lobbying force at the Legislature anymore.

With daily headlines on regulatory and criminal investigations into the Upper Big Branch Mine disaster, coal lobbyists also didn't have a lot of maneuverability to try to weaken the mine safety bill.

Going into the last two weeks of the 2012 session, Tomblin looks to be on the course for a trifecta of seeing his three key bills (OPEB, mine safety, and substance abuse treatment) passed.

One of the livelier issues of late has been the bill to require the roll-your-own cigarette shops around the state to collect the 55-cent a pack sales tax on every 20 cigarettes manufactured at their outlets.

Phil Accordino, president of RYO Machine Rental -- the Girard, Ohio-based company that distributes the machines for the roll-your-own cigarette stores popping up around the state (and around the country) -- called to make light over the sudden alliance between health advocates and the big tobacco lobby trying to shut down his business.

He said that while big tobacco may be on the same side of the issue as the health advocates, their only concern is to protect their bottom line.

"This is not about anything but the perception that somewhere down the road, we may become a threat, and they have to stop us before we get market share," Accordino said of legislation advancing in the state Legislature (and in other states) to either tax or ban the machines.

(West Virginia's bill, to require RYO outlets to collect the 55-cent-per-pack cigarette tax for every 20 cigarettes machine-rolled (SB514) is on passage stage in the Senate today.)

Accordino is resigned to the fact that big tobacco will eventually drive him out of business, either through legislation or litigation, but said they are using scare tactics to convince legislators around the country that the RYO stores are costing their states multi-millions of lost cigarette tax revenue.

"We are a very, very small niche ... I wish I was doing 25 percent of the business they insinuate we are doing," he said of the market share for RYO stores.

Meanwhile, the quote from Altria lobbyist Wendel Turner, advocating taxing rather than banning the RYO machines, could come back to haunt big tobacco next year, when health advocates are planning to push for a \$1.50-a-pack hike in the cigarette tax: "We believe the most effective way to limit this activity is through taxation."

Evidence of the "deliberate" pace of the 2012 session: Friday was the last day to get bills out of committee for passage by this Wednesday, crossover day for bills between the House and Senate.

In years past, that has meant a hectic day extending well into the evening hours. This Friday, the House and Senate both wrapped up not long after 3 p.m.

While the workload may not be as heavy this session, health-care lobbyist Thom Stevens said the total number of bills introduced this session, 1,955, is consistent with past years.

Stevens, who has been tracking bills for 26 years, said the number of bills introduced each year is remarkably consistent at about 2,000, regardless of whether there is crisis or calm in state government.

Department of Transportation deputy secretary Howard Mullins was back at the Capitol last week, after some R-and-R after undergoing bypass surgery earlier this year.

Finally, remember the item about a year ago about how Culture and History Commissioner Randall Reid-Smith spent \$59,998 to renovate the Green Room in the basement of the Culture Center, redoing hardwood flooring, cabinets, counters, replacing kitchen fixtures and installing

a projection screen TV? Or that he declared the renovated Green Room off-limits as a lunchroom for Culture and History employees?

Now comes word that he authorized a Super Bowl party in the Green Room that necessitated a significant cleaning effort afterward, with guacamole and salsa spilled on the cabinets and conference table, and cake icing ground into the floor.

One worker on the cleanup crew reported finding a roach. I thought they meant the insect, until I learned who had booked the room Super Bowl Sunday: the Mountain Stage crew ...

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BILL WOULD ELIMINATE TAX LOOPHOLE FOR ROLLING YOUR OWN CIGARETTES

CBS Chicago

February 25, 2012

The days of saving money by using a “roll your own” cigarette machine could be over in Illinois.

As WBBM Newsradio’s Dave Dahl reports, currently, smokers can get around the state cigarette tax by buying loose tobacco and 200 pre-rolled papers, and feeding them into a cigarette machine at a store where such machines are available.

The finished product comes out in minutes, and you walk away with a carton’s worth of cigarettes for about \$20, as opposed to the \$50 or more you would pay for the leading national brand at a convenience store.

The reason is that the tax rate is different, but a bill which a state Senate committee heard Wednesday would change that.

The bill is sponsored by Senator Terry Link (D-Waukegan) who says his measure is about fairness.

“In one year, we see the amount of tax that would have otherwise been collected (rise) from \$2.1 million to \$10.7 million,” said Illinois Department of Revenue’s Jim Nichelson. “This is a rapidly increasing method to produce cigarettes without being subject to the cigarette tax.”

Advocates of the “roll your own” industry said all the bill would do is encourage the customers – who already pay some tax – to go out of state or to the Internet. Owners of roll-your-own shops in Worth and Peoria described themselves as job creators who would have to put their employees out of work if the bill passes.

After other senators had questions about who would benefit and who would be hurt, Link agreed to work on the bill some more. Another element of the bill drawing concern is the provision that would classify the store owners as manufacturers and subject them to further regulation.

Originally published here: <http://chicago.cbslocal.com/2012/02/24/bill-would-eliminate-tax-loop-hole-for-rolling-your-own-cigarettes/>

NEW YORK SEIZES TRIBAL CIGARETTES

NACS Online

February 24, 2012

Since June, New York has seized more than 5 million cigarettes produced by Native American companies.

New York has seized more than 5 million cigarettes produced by Native American companies since June for failure to pay state excise taxes, the Buffalo News reports.

State officials said the seizures represent roughly \$1.5 million in taxes that its sellers were intending to avoid.

Last summer and pursuant to a court ruling, New York began enforcing a state law prohibiting wholesalers from selling untaxed cigarettes to Indian retailers for sale to non-Indians.

The crackdown targeted domestic brands such as Marlboro, and the Cuomo administration made clear at the time it would not pursue the cigarettes produced by Native American companies.

Seneca Nation officials have argued that any goods, including cigarettes, produced on Indian lands can be sold free of taxes.

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