

March 7, 2012

COMMERICAL RYO MACHINE LEGISLATIVE UPDATE

By Thomas A. Briant

CSPnet.com (Convenience Store News)

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To date, legislative bills have been introduced in 25 states that would classify operators of commercial roll-your-own ("RYO") cigarette machines as either manufacturers or impose other regulations on the operation of these RYO machines.

Of these states, three state legislatures have passed the legislation including Arkansas, South Dakota and Virginia with the Governors of Arkansas and Virginia both signing the legislation into law. The bill passed by the South Dakota legislature has been sent to the governor for action.

The states with RYO bills pending include Arizona, Florida, Idaho, Indiana, Illinois, Iowa, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Missouri, New York, Oklahoma, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Washington, West Virginia and Wyoming.

If a newly enacted law or legislative bill classifies operators of RYO machines as cigarette manufacturers, then these operators will need to pay the federal cigarette tax of \$1.01 per pack or \$10.10 per carton, remit the applicable state cigarette excise tax, make non-participating manufacturer escrow payments under the Master Settlement Agreement or non-settlement cigarette fee/tax payments to states, register with the Food and Drug Administration as a cigarette manufacturer, comply with Surgeon General cigarette health warning label requirements, and adhere to fire safe cigarette requirements.

On Feb. 27, 2012, the Office of the Kansas State Fire Marshall issued a letter notifying any persons and businesses that possess or lease a commercial roll-your-own cigarette machine to comply with the Kansas Fire Safety Standard and Firefighter Protection Act. Under this state law, any person or business that possesses or leases a commercial RYO machine is a cigarette manufacturer.

As a manufacturer, the person or business is required to (1) become fire safe cigarette compliant and have cigarettes tested under the American Society for Testing and Materials (ASTM) testing methods, and (2) certify each cigarette brand as being fire safe compliant with the Kansas Fire Marshall's office and list each certified brand on the Kansas Attorney General's cigarette directory. The certification fee is \$250 per cigarette brand variety listed with the attorney general's office.

The Kansas State Fire Marshall letter closes with an additional notice that the Kansas Department of Revenue or the State Fire Marshall's office will be inspecting wholesale and retail establishments within the next 30 days for compliance with fire safe cigarette standards.

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WA HOUSE: ROLL-YOUR-OWN CIGARETTES MUST BE TAXED

Associated Press (Note: This story was picked up by several media outlets across the state)

March 6, 2012

The Washington state House has passed a bill to make roll-your-own cigarette stores collect cigarette taxes.

The measure passed Tuesday by a 67-30 vote and goes to the Senate.

Dozens of roll-your-own cigarette stores have appeared recently in Washington, selling cigarettes at less than half the price offered by most retailers. The stores allow customers to use machines that roll loose tobacco into cigarettes that are then sold by the carton.

The state tax per cigarette stands at 15 cents.

Bill proponents said the measure would help small businesses hurt by competitors who avoid collecting taxes.

Opponents said it would undermine 65 stores employing 250 people across the state. Because the bill enforces an existing tax rather than create a new one, it does not require a two-thirds majority to pass each chamber.

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ROLL YOUR OWN CIGARETTE BILL PASSED THE HOUSE, NOW ON TO THE SENATE

By Niki Reading

The Capitol Record (WA)

March 6, 2012

The bill to add the state cigarette tax to "roll your own" cigarettes is getting a vote in the House now. Watch live on TVW.

Rep. Cary Condotta said the bill will close 65 to 70 businesses across the state. "There is no question here what they're doing," he said, for only about a million dollars in revenue. "No thank you, Mr. Speaker. Not for me."

But Rep. Chris Hurst, a Democrat from Enumclaw, said the bill will protect jobs — not take them away. He said RYO businesses often advertise cigarettes at half price and that puts all the other businesses around them at risk. “They’re right on the margins right now, Mr. Speaker. They’re barely getting by. These grocery stores legally sell tobacco and that’s a big part of their business,” he said.

Rep. Matt Shea asked how many votes the bill would take to pass, since it increases revenue to the state. Rep. Jim Moeller, acting speaker, said that since roll-your-own cigarettes are already included in the definition of cigarettes under state law, there was no need for a two-thirds vote.

The bill passed 67 to 30 and now heads to the Senate.

Originally published here:

NEW SMOKE SHOPS SPARK INTEREST

By Tyler Francke
Branson Tri-Lakes News (MO)
March 7, 2012

A local business owner is out to give Tri-Lakes Area smokers a new, cheaper alternative to traditional cigarettes.

We don’t even call them cigarettes,” John Hagerty said. “These are heavier. They’re different. We choose to call them smokes.”

Hagerty is the owner of the Liberty Smoke Shop in Branson West, which has been operating since November, and the Freedom Smoke Shop in Hollister, which just opened last month. The layout of both stores is a bit unusual, consisting of little more than a cashier’s stand, storage cabinets and an approximately 5-foot-tall, square machine called a RYO (which stands for “roll your own”) filling station.

“They all have the same look when they come in,” Hagerty said of his customers. “They’re like, ‘What is this place? What’s going on here?’”

The basic premise is that customers buy a certain amount of dried tobacco — blended to their tastes — and then roll their own smokes with the aid of the machine, which can process 200 “smokes” in eight minutes, according to Hagerty. The store’s employees supervise the machine, but aren’t allowed to operate it themselves.

“Customers run the machine themselves,” Hagerty said. “That’s our personal-use exemption.”

It’s also primarily where the savings come in for those who use the service. Hagerty estimated his stores’ smokes are up to 50 percent less expensive than pre-packaged cigarettes. Another plus is the tobacco doesn’t contain any additives or fillers, so he said it may be healthier.

"It's all grown in the United States, and it comes straight from the farm," Hagerty said. "I personally think it tastes a lot cleaner and fresher. But I've also heard customers say they feel better smoking them."

The shops offer new customers a 28-cent demo to help them find the right blend. Once they've gotten something to their liking, the formula is stored under the person's name in the company's computer system.

"Another good thing is that the smokes are blended to the customer's taste, so they're not stuck with taking what the stores have," Hagerty said. "It's better smokes for less money."

And as the stores' names would suggest, patriotism is a key value for Hagerty and his company. He passes out free pocket copies of the U.S. Constitution to anyone who wants one and decorates the walls with patriotic pictures and messages.

"This country was founded on tobacco," Hagerty said. "That's why we like to keep things real patriotic."

Though the concept is unique for the area, it's "catching on fast," according to Brandi Garner, Freedom Smoke Shop manager. She said her store saw more than 100 customers in its first three weeks.

"We're getting a lot of word-of-mouth referrals," Garner said.

The stores charge \$24.50 for a carton of 200 smokes, plus tax. For more information, call 417-336-0551.

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ELEGANT, CLASSY ASH TOBACCO OPEN IN DOWNTOWN

By Ann Rowland
Herald Times (MI)
March 7, 2012

They say that the best way to start a new business is to look for a hole and fill it, and in retirement, wisdom dictates that one should pursue something enjoyable.

Dale Church has done both. He's had a vacation home in Lewiston for some years, and after his recent retirement, he decided to move from Ann Arbor to live in the north permanently.

Church, who spent many years working in retail, wanted to bring something a little bit different to Gaylord and with his business partner, Scott Kopriva, has done exactly that.

They are co-owners of a new store in downtown Gaylord called Ash Tobacco.

"This is a nice town," Church said. "There is room in Gaylord for places like this."

What exactly does he mean by “like this?”

Think elegance. Think “classy.” Think of a 1900s true tobacco store that specializes in custom-blended pipe tobacco, handmade pipes, a wide selection of fine cigars and men’s accessories.

“We don’t sell cigarettes,” Church said. “We aren’t a roll-your-own shop. There is one on North Otsego that does a great business. We didn’t want to duplicate what they are doing. What I wanted was to create a relaxing space with a dressed-up environment where people can come and relax, converse and feel comfortable. Ash Tobacco is not only for men, either. I think that ladies will enjoy the atmosphere, too.”

A fully restored antique scale is a focal point in the space located at 118 W. Main St. Decorated with antiques, dark woods, subtle lighting and fine art, Ash Tobacco boasts a walk-in humidor that is lined in Spanish cedar, as well as smaller, handmade humidors suitable for the home, colognes by Edwin & Jagger, shaving brushes and creams, pipe tools, leather goods, WiFi and free coffee.

Church said that Ash Tobacco is partnering with some area resorts to deliver pre-ordered fine tobacco products ahead of groups of skiers and golfers.

“There is a demand for that, but no stores like ours closer than Traverse City,” Church noted. “Our goal is to supply elegant items at affordable prices. I like to see the surprise on our customers’ faces when they come through the door.”

Dale and Scott invite nonsmokers as well as pipe and cigar enthusiasts to stop by, pick a Dad’s Root Beer barrel out of the big bowl next to the cash register and enjoy the rich décor and conversation.

Watch for Ash Tobacco’s Web site to be live soon at www.ashtobacco.com, or call 705-1133 for more information.

Originally published here: http://articles.petoskeynews.com/2012-03-06/gaylord_31130238

SENATE COMMITTEE TO CONSIDER TOBACCO TAX HIKE

By Robert Lang

Maryland Associated Press

March 7, 2012

Public health advocates want lawmakers to consider raising taxes on tobacco products.

Community and faith leaders will join advocates Wednesday afternoon in Annapolis to advocate for a set of bills to increase taxes on cigarettes, cigars and smokeless tobacco products.

Gov. Martin O'Malley's budget includes an increase on the state's tax on cigars and smokeless tobacco products from 15 to 66 percent of the wholesale cost.

Other legislation that would increase the tax on a pack of cigarettes from \$2 to \$3 and also hike the tax levied on the wholesale price of smokeless products, will be heard by the Senate Budget and Taxation Committee later that day.

Originally published here: <http://wbal.com/article/87477/3/template-story/Senate-Committee-To-Consider-Tobacco-Tax-Hike>

EDITORIAL SPOTLIGHT VIDEO: ANTI-TOBACCO PROGRAM FUNDS AT ISSUE

Editorial on LoHud.com (Lower Hudson Valley, NY News Blog)

March 7, 2012

Smoking-related illnesses cost billions of dollars and thousands of lives each year in New York. Nonetheless, Gov. Andrew Cuomo's executive budget cuts \$5 million from the New York State Tobacco Control Program, which helps smokers quit and works to prevent young people from starting a tobacco habit. Four years ago, the tobacco program was funded at \$85 million. The 2012-2013 state budget plan puts funding at \$36 million.

Calling years of declining smoking rates "one of the greatest health victories in history," Blair Horner of the American Cancer Society of New York and New Jersey urged continued investment in tobacco control programs. ". . . You've got to keep your foot on the gas," he told the Editorial Board during a panel discussion Tuesday that focused in part on the need to invest in tobacco cessation programs and other preventive health-care measures. Panelists included Horner, ACS vice president of advocacy; Michael Seilback, American Lung Association New York vice president, public policy and communications; and Carolyn Torella, American Heart Association Hudson Valley regional director of communications. View the discussion at lohud.com/editorialspotlight; click on "videos."

Health advocates are urging Cuomo and the state Legislature to increase the Tobacco Control Program funding, especially as the state makes regulatory changes that will bring in more taxes from the sale of "roll-your-own" tobacco products. New York must keep its anti-smoking programs funded, Seilback said, "so we do not start to roll backwards."

Panelists also discussed other health initiatives, including New York's lag in creating a health care "exchange" — a market for uninsured individuals and small-business owners to buy coverage. States must set up the health-insurance pools under the Affordable Care Act, or the federal government will supply the exchange. Seilback called the delay "politics at its worst."

Horner said that the exchange is good for New Yorkers, no matter the outcome of litigation over federal health reform. "Real people suffer when they don't get health care" he said.

Original story and video here: <http://www.lohud.com/article/20120307/OPINION/303070030/Editorial-Spotlight-video-Anti-tobacco-program-funds-issue?odyssey=nav|head>