



DAILY NEWS CLIPS

April 10, 2012

ROLL YOUR OWN CIGARETTE SMOKERS SHOULD PAY TAX

Hartford Courant Editorial (CT)

April 9, 2012

When is a cigarette not a cigarette? When you roll your own. That's apparently the case in shops that sell tobacco and paper and let customers use roll-it-yourself machines. Those shopkeepers aren't required to collect cigarette taxes. Legislators ought to snuff out this peculiar anachronism.

In previous times, crude roll-your-own cigarettes often bore little resemblance to the professionally manufactured kind, but technology has changed that. These days, in more than a dozen shops statewide, customers may pay about \$40 for loose tobacco, paper tubes and the use of a rolling machine. Press a button or two, and about 10 minutes later there's the equivalent of a carton of cigarettes, at less than half the retail rate.

The state can't collect the \$34.20 tax normally applied to a carton of cigarettes. And according to a February Superior Court ruling, the tobacco shops aren't cigarette manufacturers, as long as they simply tell customers how to use the machines and don't operate them. That means they don't need a special manufacturing license. The net result is a loss to state coffers of about \$1 million annually.

That's nonsense. These shops clearly are involved in the manufacture of cigarettes, and ought to pay for that privilege. Likewise, customers should pay the cigarette tax.

Last week, the Finance, Revenue and Bonding Committee added language to a tax bill requiring roll-your-own shops to obtain cigarette manufacturer licenses and to charge customers the same tax they would pay for commercial smokes. Republicans on the committee voted against the measure, calling it a new tax.

They're right about that. It is a new tax — one that should have been collected all along. The legislature would be wise to close this needless and costly loophole.

Originally published here: <http://www.courant.com/news/opinion/editorials/hc-ed-roll-your-own-cigarettes-should-be-taxed-20120406,0,2176883.story>

STATE CRACKS DOWN ON LIL' TOBACCO WITH LICENSING FEE PROPOSAL

By Hugh McQuaid

Connecticut News Junkie

April 10, 2012

Sidestepping a revenue setback handed down from Superior Court, the legislature's Finance Committee passed a bill last week requiring tobacco shops with roll-your-own cigarette machines to obtain a \$5,000 manufacturer's license.

The state had looked for an injunction against at least one of the shops, which rent out machines that can produce what amounts to a carton of cigarettes in about 10 minutes at a price around \$40.

Purchased at a conventional retail store, a carton of cigarettes costs somewhere around \$36, but that's before the state tacks on an additional \$34 in taxes bringing the cost of a carton up to \$70 for 200 cigarettes.

Susan Kinsman, spokeswoman for the attorney general, said the court's decision was too narrow to resolve the issue. The court found that the shops couldn't be labeled manufacturers because customers make the cigarettes, but the state doesn't have the manpower to monitor how much help customers received from shop owners.

The judge concluded the state would likely prevail in its claim against Tracey's Smoke Shop in Norwalk only if the employees were helping customers use the machines.

In steps the legislature.

A bill that would officially classify these stores as manufacturers passed the Finance Committee last week by a 33-17 vote. The proposal came from the Department of Revenue Services which wants the shops to pay for the licenses and wants their customers to pay the state's cigarette tax.

Finance Committee Co-Chairwoman Sen. Eileen Daily said last week that the change was a matter of fairness and suggested the businesses still have a wide enough profit margin to absorb the additional expense or pass it along to their customers, who are still saving about \$30 per carton by using these machines.

"Many people in our state are paying the cigarette tax as we have levied it," she said. "They still have a big number between what we hear they're selling for and what a carton of cigarettes is selling for. So they have the ability to recoup this expense."

But Rep. Sean Williams, R- Watertown, said he was disappointed the Department of Revenue Services did not propose the legislation earlier in the session. The court case was decided at the end of February, but with around a month left in the legislative session, it's too late for the provision to get a public hearing.

Last week at the committee's only meeting, it was lumped into a nondescript bill titled "An Act Concerning Various Statutes Pertaining to the Department of Revenue Services."

Left to figure out what type of impact the new tax would have on these businesses, Williams visited one of the tobacco shops. He left feeling the legislation would negatively impact the stores' mostly blue collar clientele. He said the shops likely wouldn't even exist if Connecticut's cigarette tax wasn't so high.

"People are using roll your own cigarette shops in response to the artificially high cost of cigarettes caused by state government," he said. "These are blue collar people, already getting slammed every which way."

Williams said there's also the businesses, who made substantial investments in the machines, to consider.

"To not give them the benefit of a public hearing—it's not uncommon in this legislature, but it should be," he said.

Sen. Andrew Roraback, R- Goshen, said last week that the language was only added to the bill because the current law doesn't allow the Department of Revenue Services to tax the cigarette rolling machines.

"Now they want to expand the reach of the law to touch these people and I can imagine that none of them is looking forward to writing a check for \$5,000 to the state of Connecticut and I don't perceive this as being friendly to small business," he said.

However, Revenue Services Commissioner Kevin Sullivan said it's hard to feel bad for the businesses, who bought the machines in an effort "to avoid playing by the same rules as everyone else."

Sullivan said the department was surprised by the judge's decision and was left with the option of strengthening the law via legislation.

"The Finance Committee has included language to make it abundantly clear that the businesses selling the product and the [rolling] process are manufacturers," he said.

Sullivan said the loophole for cigarettes made by the machines creates three sets of concerns. For one thing it bypasses the revenue the state counts on from the sale of cigarettes.

It also creates a product safety issue, he said. While the typical pack of Marlboros are rolled in sleeves designed to extinguish themselves if they're not being smoked, Sullivan said there's no way for the state to regulate self-rolled cigarettes to ensure they're safe.

Those safety concerns jeopardize the state's ability to receive money from the tobacco settlement fund, he said.

Though he acknowledged some people roll their own cigarettes at home and are not considered manufacturers, Sullivan said the issue is different based on sheer volume of cigarettes the machines create.

"This really is a manufacturing process. It's not the same as an individual rolling one on his back porch for a smoke," he said.

A handful of tobacco shop owners referred all calls to Capital Results, the Virginia-based public relations and government affairs firm. Capital Results did not return calls for comment on the issue.

And apparently it's not only a statewide issue, it looks like Congress is tackling this tobacco loophole too.

According to the Washington Post, the U.S. Senate inserted similar language into its federal highway bill last month.

Originally published here:

http://www.ctnewsjunkie.com/ctnj.php/archives/entry/state_cracks_down_on_little_tobacco

OLD FASHIONED FLAVOR IN DICKINSON

By Ashley Martin

The Dickinson Press (ND)

April 10, 2012

For those looking for a change from the cigarettes they purchase in a gas station, The Old Tobacco Shoppe is in downtown Dickinson.

A South Dakota family new to the area opened the business March 26. Deb and Dave Dench, their children Dave Jr. and Shannon Timmer, along with their significant others, Trisha Olson and Jeremy Timmer, run the store.

"We all came to work up here," Dave Jr. said of his family.

They liked Dickinson and settled in.

The Old Tobacco Shoppe offers a variety of loose tobacco and a machine that rolls it into smokes.

"It seemed like a good business venture," Shannon said. "They're really expanding with the roll your own."

The flavor and cost of rolling your own smokes is the biggest draw to their business. Customers can load tobacco into the rolling machine and make 200 smokes in eight minutes for about \$25, Olson said.

"There are more organic tobaccos and natural tobaccos with less additives and less chemicals," Dave Jr. said.

There are cases available at The Old Tobacco Shoppe that protect freshly rolled smokes like the packaging many are used to buying smokes in.

"Eventually we're going to have your normal cigarettes, chewing tobacco, snuff ... but right now we're kind of based around the roll your own," Dave Jr. said. "Everything you can imagine in a store we're going to try to get in here."

A larger cigar selection along with assorted pipes and electronic cigarettes will be coming, he added.

The Old Tobacco Shoppe is open seven days a week. It's at 27 First St. W.

The company's grand opening is Friday through Sunday.

To contact the owners, call 701-483-0865.

Originally published here: <http://www.thedickinsonpress.com/event/article/id/57072/>

AMENDMENT TO TOBACCO TAX BILL WOULD UNDO SMOKING BAN FOR CIGAR BARS

By Josh Feit

PublicCola – Seattle's News Elixir (WA)

April 9, 2012

Instead of passing a budget during the special session, legislators are busy chipping away at voter-approved initiatives.

On a voice vote in Friday night's ways and means committee (so the roll call isn't available), legislators added an amendment to the "roll your own cigarettes" bill. (The "roll your own" bill would fix a loophole in cigarette sales that allows smokers who buy loose tobacco to avoid paying cigarette taxes. The bipartisan bill would recoup about \$12 million a year in revenue for the state.)

The amendment, totally ignoring 2005's voter-approved indoor smoking ban, would allow the state to license cigar bars. Sponsored by Sen. Mark Schoesler (R-9, Ritzville), the amendment tacks on a GOP cigar bar bill that failed last year.

Voters approved the smoking ban 63-36 in 2005 and according to a poll conducted earlier this year by Campaign for Tobacco-Free Kids, American Cancer Society Cancer Action Network (ACS CAN), American Heart Association, and the American Lung Association of the Mountain Pacific found that 71 percent of the public is against any loophole to undo the ban.

Originally published here: <http://publiccola.com/2012/04/09/amendment-to-tobacco-tax-bill-would-undo-smoking-ban-for-cigar-bars/>

PUBLIC PIPE, CIGAR SMOKING EFFORT ALIVE

By Alexis Krell

Bellingham Herald (WA)

April 10, 2012

Legislature: Amendment would allow smoking at up to 600 places

The future is unclear for Washington's cigar smokers, after a proposal to allow them to smoke at some businesses became part of a tobacco-related measure Friday night.

The amendment to House Bill 2565 would allow cigar smoking at up to 100 cigar bars and 500 tobacco retailers in the state. That means bars and restaurants, as well as tobacco shops, could apply for an endorsement to allow cigar and pipe smoking at their establishments. Cigarette smoking would not be permitted.

The smoking areas would need to be separate, enclosed spaces with independent ventilation systems.

In 2005, Washington voters banned smoking in public places such as bars and restaurants. Joe Arundel, president of the Cigar Association of Washington, says that law hasn't left smokers with many options.

"It's definitely caused a lot of grief for people who enjoy cigars and pipes," Arundel said.

The cigar lounge proposal made headway last year, but hadn't seen recent action – until last week when lawmakers attached it to a bill that seeks to tax cigarettes from roll-your-own machines.

Businesses would be charged \$17,500 for the cigar lounge endorsement, and \$6,000 for the tobacconist shop version, with the money to be used for regulation enforcement and tobacco prevention and cessation funding.

Opponents say the roughly \$1.3 million that would be raised by July 2013 isn't worth endangering the health of workers at cigar lounges and tobacco shops.

"We do not want this blood money ... that would come in at the cost of workers' health," said Erin Dziedzic, lobbyist for the American Cancer Society Cancer Action Network.

Dziedzic said the cancer society would rather see tobacco settlement or tobacco tax funds designated for prevention and control. Last year, the Legislature cut all smoking prevention and cessation programs. Meanwhile, the state spends about \$2 billion on tobacco-related health care each year, according to Centers for Disease Control and Prevention statistics cited by Dziedzic.

"It's a tough economy still, and these are good jobs," Dziedzic said. "Workers are going to be forced to potentially lose their jobs, or have to work in a smoke-filled environment."

Cigar bars would be required to have employees sign a form acknowledging that there could be smoke in their workplace. Arundel said the bill prevents employers from discriminating against workers who refuse to sign the acknowledgment. He said many potential cigar bars are large organizations that would be able to shift employees to other parts of their businesses as needed, and that all five employees at his own tobacco shop in Seattle's Georgetown neighborhood already are smokers.

The endorsement proposal was supported last year by Paul Mackay, owner of Tacoma's El Gaucho steakhouse. He was forced to close his Tacoma cigar lounge in 2010 after a fight with the Tacoma-Pierce County Health Department. Mackay told lawmakers that his customers ask for the service and that it brings more revenue for employees.

Anthony Chen, health director for the Tacoma-Pierce County Health Department, said the amendment is counterproductive to the public health benefits of the roll-your-own cigarettes bill itself. Supporters of taxing do-it-yourself smokes say the extra cost would discourage smoking.

“You’ve got good public health intervention, and then you’re subverting it,” he said.

Republican Sen. Mark Schoesler of Ritzville sponsored the amendment. He was unavailable for comment Monday.

The measure has yet to pass the Senate Ways and Means committee.

Originally published here: <http://www.bellinghamherald.com/2012/04/10/2474770/public-pipe-cigar-smoking-effort.html>

BALLOT PROPOSALS, LAWSUITS SWAMP ELECTION OFFICIALS

By David A. Lieb
Associated Press
April 9, 2012

Groups submitting multiple versions of same measures.

Missouri voters could get a say this fall on a bevy of big issues. Should the state's income tax be replaced with a higher sales tax? Should the tobacco tax be hiked? Should the minimum wage be raised? Should payday loan rates be limited? Should St. Louis gain control over its police force?

Supporters have been gathering petition signatures in hopes of qualifying each item for the November ballot. But with the deadline to submit those signatures just one month away, it is not certain whether any of those hundreds of thousands of signatures even will matter.

That's because all the prospective ballot initiatives remain tied up in court, with the potential of getting tossed out.

Regardless of who wins or loses come November, one of the most significant aspects of Missouri's 2012 election season might be the sheer proliferation of potential ballot initiatives and an accompanying rise in litigation.

Missouri is one of 24 states that allow residents to initiate proposed changes to state statutes or the constitution, typically by collecting enough petition signatures to qualify the issue for a statewide vote. The first step in the process is to submit a proposed initiative to the Missouri Secretary of State's Office, which oversees elections.

A total of 143 initiatives have been turned in for the 2012 election — an amount nine times greater than the mere 16 initiatives submitted in 2004.

That increase is not because of an abundance of new ideas for laws. Rather, the growth reflects a new trend in which supporters are submitting multiple versions of their potential ballot initiatives —

sometimes changing only a few words in the hopes of getting a favorable ballot summary from the secretary of state's office and one that could withstand possible legal challenges.

For example, supporters of an initiative about local tobacco taxes submitted 27 versions to the secretary of state's office, none of which is still being pursued for the ballot. Proponents of a proposal to scrap the state income tax in favor of a broader sales tax submitted 22 versions, according to the secretary of state's office. A group proposing a statewide tobacco tax increase turned in a dozen versions.

For each version, the attorney general must approve the format, the secretary of state must prepare a ballot summary and the state auditor must develop a financial estimate. The secretary of state then certifies the initiative to be circulated, clearing supporters to begin gathering signatures.

In recent years, an initiative's official certification has served as the launching point for lawsuits contending the ballot summary and financial estimate are insufficient and unfair. The secretary of state's office said there have been 50 lawsuits challenging initiatives for the 2012 election, up from just four lawsuits in 2006.

Secretary of State Robin Carnahan is frustrated by the extra burden the initiative surge has placed on her office. A "fact sheet" from her office declares that the petitions have "become more of a political tool than a serious method of changing the law" and says the lawsuits "waste time and tax dollars."

All the lawsuits start in Cole County Circuit Court, where there have been conflicting rulings from judges.

Judge Jon Beetem, for example, recently ruled the auditor has no constitutional authority to prepare financial estimates for ballot initiatives — an argument apparently rejected by Judge Dan Green last week in a lawsuit against a different initiative.

As it stands, a circuit judge has upheld the ballot summary for the St. Louis police initiative, though it now is on appeal. A judge has struck down the ballot title for the payday loan initiative, which also could be appealed. And a judge could rule this coming week on the income-and-sales tax initiative.

Originally published here: <http://www.columbiatribune.com/news/2012/apr/09/ballot-proposals-lawsuits-swamp-election-officials/>