

DAILY NEWS CLIPS

May 2, 2012

CIGARETTE TAXES PUSH SMOKERS TO ROLL THEIR OWN

By Brian Tumulty
Post Crescent (WA)
May 1, 2012

Americans' smoking habits experienced "sizable market shifts" since federal tobacco taxes were increased in 2009, a new government report concludes.

Sales of pipe tobacco and large cigars, which are taxed at a lower rate, have skyrocketed as smokers have adjusted their buying habits to the new price structure.

Pipe tobacco is increasingly used to make relatively inexpensive cartons of roll-your-own cigarettes. The Fox Valley has several shops with roll-your-own machines available for customers.

Kim Schafer of Appleton Souvenir and Cigar Co. said she's noticed changing trends in tobacco use.

"Actually, a few more people are picking up pipe smoking," Schafer said.

Monthly sales of pipe tobacco increased twelve-fold, from about 240,000 pounds in January 2009 to more than 3 million pounds in September 2011, the General Accounting Office found. Monthly sales of large cigars more than doubled, from 411 million pounds to more than 1 billion pounds over the same period.

Congress increased taxes on both roll-your-own tobacco and packs of cigarettes in April 2009, making them equal. Lawmakers enacted a smaller tax increase for pipe tobacco, which has become a substitute for roll-your-own tobacco. In Wisconsin, state cigarette taxes have increased by a \$1.75 per pack since the end of 2007 to the current \$2.52, making roll-your-own tobacco a cheaper alternative to manufactured cigarettes.

Likewise, Congress began taxing small cigars at the same rate as cigarettes. In response, manufacturers of small cigars fractionally increased the weight of many of their products so they would qualify as lower-taxed large cigars, even though they often are just slightly larger than cigarettes and often have filters.

Premium handmade large cigars retail for \$3 to \$20 and more each, but “smaller factory-made cigars that meet the legal definition of a large cigar can cost as little as 7 cents per cigar,” the GAO reported.

The market shift has cost the federal government an estimated \$615 million to \$1.1 billion in uncollected tax revenue between April 2009 and September 2011, the report said. It did not estimate how much individual states may have lost in uncollected taxes.

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<http://www.postcrescent.com/article/20120502/APC0101/305020091/Cigarette-taxes-push-smokers-roll-own>

LAWSUIT LIKELY OVER ROLL-YOUR-OWN

By Austin Jenkins

Northwest Public Radio (WA)

May 1, 2012

The burgeoning roll-your-own cigarette industry in Washington is preparing to do legal battle against the state. Governor Chris Gregoire is expected to sign into law Wednesday a new tax on do-it-yourself smokes. That will likely trigger a lawsuit. Perhaps it was the Great Recession. Just in the last two years, the roll-your-own or RYO cigarette industry has taken off in Washington. More than 60 smoke shops across the state now have machines that allow users to make their own cigarettes for about half the cost of a regular pack of smokes. But this year Washington lawmakers passed legislation to stamp and tax RYOs more like regular cigarettes. Proponents view it as closing a loophole. But Joe Baba, a pioneer in the industry, is urging Governor Gregoire to veto the measure.

Joe Baba: “Any time that a consumer is asked to spend time and energy and effort to make their own product, they should have a savings.”

Baba warns the tax will put roll-your-own shops out of business. He says he’s ready to go to court to challenge the tax if the governor signs it into law as expected.

Transcript and Audio Here : <http://www.nwpr.org/post/lawsuit-likely-over-roll-your-own>

“ROLL YOUR OWN” TAX

By Illinois Radio Network

Alton Daily News (IL)

May 2, 2012

Cigarette smokers who want to save money can use a rolling machine and fill it with paper tubes and bulk tobacco. Under a bill awaiting a Senate vote that would change. The reasons vary, depending on who’s speaking. State Sen. Terry Link (D-Waukegan) has introduced a bill, with the approval of tobacco giant Altria (formerly known as Philip Morris), which would tax cigarettes from “roll-your-own” (RYO) machines at the same rate as the mass-produced kind most smokers buy.

Phil Accordino, president of RYO Machine, L. L. C., says Link's bill is nothing more than an attempt to put another notch in Altria's belt. "This is about legislating winners and losers," he says. Altria is one of Link's campaign contributors. Link said the tax benefit to Illinois could be in the "hundreds of millions of dollars" if his bill passes. SB 2900 has passed the Senate Executive Committee.

Transcript and Audio here: <http://altodailynews.com/news/details.cfm?clientid=17&id=30384>

ROLL-YOUR-OWN CIGARETTE BILL HEADED TO GOVERNOR

Tennessee Associated Press

May 01, 2012

A proposal that would require roll-your-own cigarette retailers to pay a licensing fee and tax and adhere to certain restrictions is headed to the governor for his consideration.

The measure was sent to Gov. Bill Haslam on Tuesday after the Senate voted 24-2 to agree with changes made by the House.

Pipe tobacco, a popular product of roll-your-own retailers, is not listed on the state attorney general's directory of tobaccos. The proposal would require tobacco the retailers use in their machines to come from the directory.

It would also require the retailers to pay a cigarette tax and an annual \$500 licensing fee for each roll-your-own machine used.

One issue that needed to be worked out was how long businesses would have to meet the requirements. Lawmakers agreed on Oct. 1, 2013.

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http://www.newschannel9.com/template/inews_wire/wires.regional.tn/3743a57b-www.newschannel9.com.shtml

TENNESSEE LAWMAKERS END SESSION FOR YEAR

By Daniel Potter

WPLN News-Nashville Public Radio

May 1, 2012

Tennessee lawmakers closed out the year's session at the capitol Tuesday after resolving several last-minute squabbles and letting a few others drop.

One sticking point was a bill to make people prove their legal status in the country before getting government services. It passed in the session's waning hours amid reassurances from the sponsor it is constitutionally sound. Also approved was a tax on roll-your-own cigarettes. The holdup was a dispute over when the tax should begin, to leave affected tobacco shops time to be ready.

Franklin Republican Glen Casada tried for a late revival of a bill to relax campaign finance rules for corporations, but ultimately gave it up. House members also weighed joining an effort with other states to challenge President Obama's healthcare law, but abandoned it before going home for the year.

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LEGISLATURE ENDS ON WELFARE DRUG TESTING, 'HEALTH CARE COMPACT,' TAX INCREASE ON 'ROLL-YOUR-OWN' PASSES

By Tom Humphrey
Knoxville News Sentinel (TN)
May 1, 2012

Legislators voted to require drug testing of welfare recipients and shied away from a bill laying the groundwork for a Tennessee takeover of federal health care programs Tuesday on the final day of the 107th General Assembly.

Lawmakers also sent Gov. Bill Haslam bills raising taxes on "roll-your-own" cigarettes and repealing the current state tax on gifts of more than \$13,000 in value.

The drug testing bill (SB258) had been substantially narrowed from the original version filed by Sen. Stacey Campfield, R-Knoxville, and Rep. Julia Hurley, R-Lenoir City. As approved, the measure calls for applicants for welfare benefits to be screened first and, if the screening raises a suspicion of drug use, to go through a test. It will not be fully implemented until 2014.

Final approval came on a 73-17 vote after defeat of several amendments proposed by Democrats.

In contrast, Democrats succeeded in getting enough Republican support to add five amendments to the Health Care Compact bill (SB326) on the House floor. One of them changed the language of the bill to say Tennessee "may" join the group rather than "shall" join.

The idea behind the compact is to petition Congress to turn over all funding for Medicare, Medicaid and other federal health programs to the requesting states, who would then manage their own programs. The bill passed the Senate last year and cleared House committees with unanimous Republican support.

After adoption of the Democrat-sponsored amendments, a House-Senate Conference Committee was set up to resolve differences in the two versions. The Republican committee simply stripped the amendments and sent the bill back for another vote.

Forty-five Republicans voted for the compact on the return to the House floor, but 50 are required for passage and it died with the session. All 34 Democrats either voted no or did not vote on the bill. Eighteen Republicans did not vote on the bill — including some who were absent.

The bill raising taxes on cigarettes made on "roll-your-own machines" in a growing number of stores was approved by comfortable margins in both the House and Senate, but the two chambers clashed on when the new law should take effect. The ultimate compromise was Oct. 1, 2013.

Proponents of the bill (SB1738) said it will "level the playing field" between regular retailers of cigarettes and owners of the machines, who can sell about half price because the loose tobacco used to roll cigarettes on premises is taxed at lower rates.

The delay in levying the higher taxes, lawmakers said, will give those who recently bought the machines time to recover their investment.

Lt. Gov. Ron Ramsey said the Legislature hasn't adjourned this early in the year since 1998.

Originally published here: <http://www.knoxnews.com/news/2012/may/02/legislature-ends-on-welfare-drug-testing-health/>

NIXON SEEKS TO STAY OUT OF MO. TOBACCO TAX DEBATE

By Associated Press
News Tribune (MO)
April 30, 2012

Gov. Jay Nixon says he does not intend to get involved in a campaign to raise Missouri's lowest-in-nation cigarette tax.

Supporters are expected to turn in petition signatures this week for a November ballot initiative asking voters to raise the Missouri's tax on a pack of cigarettes to 90 cents from the current 17 cents.

Nixon said Monday his focus is "to hold the line on taxes" but Missouri voters are entitled to voice their own opinions at the ballot box.

The state auditor estimates the initiative would generate between \$283 million and \$423 million annually for Missouri's budget.

Asked if he would encourage voters to support the initiative, Nixon replied that he does not intend to get involved in any significant way.

Originally published here: <http://www.newstribune.com/news/2012/apr/30/nixon-seeks-stay-out-mo-tobacco-tax-debate/>

LETTER TO THE EDITOR: CONSIDER RAISING CIGARETTE TAX

Letter to the Editor by Ricky Breazeale
Anniston Star (AL)
May 2, 2012

Alabama's lawmakers must be proud of 47th place. That's where Alabama ranks when it comes to cigarette taxes.

Our state tax is 42.5 cents, the 47th lowest in the country. The national average is \$1.46 per pack. Gov. Robert Bentley has said he will not support any tax increase proposals that impact Alabama families. However, a cigarette tax increase would significantly benefit Alabama families.

A tax increase would reduce the number of young people — those under age 18 — who smoke. In fact, 34,200 young people would never start smoking if the cigarette tax were increased by \$1. Some 33,200 adults would quit smoking, too. And 20,000 lives would be saved from smoking-related deaths. Those are real, family-impacting numbers from the Campaign for Tobacco-Free Kids and the American Cancer Society Cancer Action Network.

An additional tax on non-cigarette tobacco products to bring them in line with cigarettes will keep kids from switching to these products and provide additional health benefits.

The idea for a tobacco tax increase should not be dismissed out of hand. Our state would benefit tremendously from a \$1 per pack increase on cigarettes, and also be much closer to the national average than we are now. Let's not settle for 47th place.

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