

## DAILY NEWS CLIPS

June 22, 2012

### **ROLL YOUR OWN INDUSTRY SUES STATE**

KMAS News Radio – Mason County, Washington  
June 22, 2012

HB 2565, which mandates taxing roll your own smokes at the same rate as traditionally manufactured cigarettes, is set to go into effect on July 1st. Now, a group representing the “roll your own” industry is suing the state on the grounds that it’s a new tax. New taxes require a two-thirds majority to pass the legislature, and HB 2565 did not pass with that margin. The state contends that it is not a new tax, but simply a measure closing a tax loophole. District 35 State

District 35 State Senator Tim Sheldon says, that point of contention makes this lawsuit a whole lot more than just about taxes on tobacco.

Plaintiffs in the lawsuit against the state are asking the courts to delay implementation of HB 2565 until the case is settled.

*Originally published here:* <http://www.masoncountydailynews.com/local-a-state/32827-roll-your-own-industry-sues-state>

### **TIM EYMAN COMMENTARY: TWO-THIRDS FOR TAX INCREASES NEEDED NOW MORE THAN EVER**

Opinion by Tim Eyman  
The Chronicle (WA)  
June 21, 2012

For 20 years, the voters have approved initiatives making it tougher to raise taxes. Whether you are a Republican, Democrat, or independent voter, most everyone agrees it’s better to incentivize politicians to prioritize spending and reform government rather than increase taxes.

Olympia has proven time and again that if it’s easy to raise taxes, they will. And they’ve consistently illustrated that without these tougher-to-raise-taxes policies, they’ll impose higher taxes on regular taxpayers who are ill-equipped to fight back.

Olympia politicians may talk a lot about “closing corporate loopholes” and “forcing the rich to pay their fair share” but whenever taxes are increased, powerful lobbyists protect their clients and you and I get stuck with higher sales taxes, property taxes, beer taxes, candy taxes, gas taxes, cigarette taxes, and utility taxes.

The two-thirds vote requirement for the Legislature to raise taxes has been approved by voters four times (we’re working hard to give voters a fifth opportunity with this year’s Initiative 1185). During legislative sessions it’s been in effect, it’s done exactly what the voters wanted, making tax increases a last resort and forcing elected officials to work together to prioritize spending and reform government.

But during sessions that the legislature has suspended the two-thirds requirement, it’s only been a debate about which taxes to increase, how to much to increase them, and which poor and working class taxpayers get targeted.

Twenty years of experience has removed all doubt that politicians cannot be trusted to make tax increases a last resort without the two-thirds.

Democrat politicians and their big-monied special interest groups have consistently tried to convince voters to reject this policy at the ballot box. They’ve failed every time. But rather than accept the clear and consistent decision of the people, they’ve embarked on a repeated effort to sue the voters.

On three separate occasions, the state Supreme Court has exercised judicial restraint and allowed both sides to exercise their powers: the Legislature’s power to ignore the law and the people’s power to pass it.

It is a political tug-of-war over an important public policy and the courts have recognized that both sides are fully capable of defending their position without judicial intervention.

A Seattle judge recently ruled differently than the state Supreme Court has previously.

Fortunately, the ruling will be “stayed” pending appeal, meaning the two-thirds will remain in effect until the high court rules. There are plenty of reasons to be optimistic that the Supreme Court will reject the Seattle judge’s reasoning:

- In 1994, the court found that individual legislators and special interest groups lack standing to bring lawsuits like this.
- Lawsuits aren’t valid if the Legislature doesn’t exhaust all their remedies before going to court. They could have appealed the ruling of the chair and passed the tax increase; they didn’t.
- This Seattle judge didn’t just say that initiatives cannot set a higher tax vote threshold; the ruling said the Legislature couldn’t impose it upon themselves. Article II, section 9 of the Constitution reads: “Each house may determine the rules of its own proceedings.” This broad ruling flies in the face of the doctrine of separation of powers.
- A law is constitutional unless the Constitution expressly prohibits it. Our Constitution does not.

- Just two years ago, a unanimous court rejected a very similar lawsuit under very similar circumstances (one chamber passed a tax increase and a lawsuit was filed challenging the two-thirds). That 9-0 opinion, authored by Justice Mary Fairhurst, the most liberal justice on the state supreme court, resulted in a “finding this a political question” that should be resolved through the legislative process.

Article I, section 1 of our state Constitution reads: All political power is inherent in the people, and governments derive their just powers from the consent of the governed. Article I, section 2 reads: The first power reserved by the people is the initiative.

It is simply inconceivable that the Constitution’s authors — people who were deeply committed to limiting the power of government — intended to prohibit the Legislature and the people from making it tougher to raise taxes.

Our Constitution exists to protect the people from the government, not to protect the government from the people.

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## **SMOKE ‘EM IF YOU GOT ‘EM: SUBURBAN SMOKERS PREPARE FOR TAX INCREASE**

By Brian Hudson

My Suburban Life – Naperville, Illinois

June 21, 2012

Bob Konezney remembers when cigarettes were 45 cents a pack.

Now, in Illinois, a single cigarette costs more than that, and prices are going up again.

Four days before packs will start to cost \$1 more a pack, many suburban smokers say they are prepared for — and almost resigned to — the additional burden.

This spring, state lawmakers approved the \$1-a-pack tax on cigarettes, more than doubling the state’s 98-cent cigarette tax. Small cigars, chewing tobacco and pipe tobacco also will be taxed at the same rate as cigarettes.

Gov. Pat Quinn signed the bill a week ago, and the new prices will go into effect Sunday. The money will go toward the state’s growing Medicaid deficit.

“I don’t think smokers or people who drink liquor should be taxed to pay for Medicare,” Downers Grove resident Carole Zempel said. “I’m tired of it, tired of being taxed.”

But that does not mean she plans to quit or cut back, she said. Today, she was buying a carton of Virginia Slims — not her usual Mistys, which had been sold out for days at Downers Grove Tobacco.

After legislators approved the tax, some smokers anticipated the cost increase and began stockpiling cigarettes, said Hasmukh Patel, manager of Downers Grove Tobacco on Highland Avenue. And now his vendor has stopped refilling orders until the tax goes into effect.

Marlboro cartons were the first to sell out, he said. Then Parliament and Winston Lights. After the tax takes effect, Patel is worried how many customers will come back. He said some have indicated plans to buy their cigarettes in Indiana, where the average tax is still less than \$1 per pack.

Legislators hope the tax increase will bring in an additional \$350 million — revenue which would be matched by federal funds for taxpayer-subsidized healthcare for the poor. They plan to put the revenue toward the \$2.7 billion in cuts and new revenue needed for the state's struggling Medicaid program.

Anti-smoking advocates also hope the tax will encourage more people to curb their habit or quit altogether.

"We've looked over 100 tax increases and every state sees a decrease in tobacco sales and consumption and an increase in revenue," said Danny McGoldrick, vice president of research for Campaign for Tobacco-Free Kids.

For Konezney, the smoker who began his habit when packs cost a couple quarters, this might be enough to make him quit — possibly.

"I'm going to try to quit, after 30 years," said Konezney, a Downers Grove resident, who was buying a carton of Trues. "It's a pack day, probably. I'll really definitely think about it." Then again, he's tried to quit before.

"I quit seven times — maybe for a day," Konezney said with a laugh. "Quitting is easy. It's the starting up again."

*Originally published here:* <http://www.mysuburbanlife.com/naperville/newsnow/x1081598590/Smoke-em-if-you-got-em-Suburban-smokers-prepare-for-tax-increase>

## **STRANGE BEDFELLOWS BATTLE ROLL-YOUR-OWN CIGARETTES**

By Rick Karlin  
Times Union (NY)  
June 21, 2012

This is definitely a case of politics and policy making for strange bedfellows although it shouldn't come as a surprise in this instance: lobbyists for the American Cancer Society of NY and NJ have joined up with their counterparts for the cigarette maker Altria Phillip Morris as well as the state Association of Convenience stores to push for a bill that would clamp down on the growing number of Roll-Your-Own cigarette outlets that are popping up across the state.

The bill, sponsored in the Senate by Tom Libous and by Jeffrey Dinowitz in the Assembly, would essentially force these retailers to adhere to the raft of taxes and other regulations such as using "fire safe" paper and posting health warnings, that apply to sellers of prepackaged cigarettes.

The Roll-Your-Own phenomenon is a textbook case of clever business people figuring out ways around the regulatory/tax process to their advantage.

They sell customers loose tobacco and the smokers then use an in-house rolling machine to roll their own cigarettes. The machines are efficient, allowing the user to make a carton of cigarettes in few minutes at half the price or less than store-bought smokes.

The bills are working their way through committees this afternoon so it's unclear if the legislation will pass today or wait until next year. I'm also told that Park Strategies, a lobbying powerhouse in its own right headed by former Sen. Al D'Amato, is working for the Roll Your Own entrepreneurs.

*Originally published here with video:* <http://blog.timesunion.com/capitol/archives/136558/strange-bedfellows-battle-roll-your-own-cigarettes/>

## **MISSOURI SCHOOL BOARD ENDORSE 73 CENT A PACK TAX HIKE**

By Don Norfleet  
The Fulton Sun (MO)  
June 22, 2012

The Missouri Board of Education has endorsed a 425 percent cigarette tax increase as a way to raise more money for education.

The measure endorsed by the statewide board came in the form of an initiative petition circulated by an organization calling itself Show-Me A Brighter Future. The group turned in petitions for the initiative with 220,000 signatures.

The proposal would increase Missouri's 17 cents a pack cigarette tax to 90 cents a pack, a 73 cents per pack tax increase. It also would hike state taxes on other tobacco products sold in Missouri.

Missouri's 17 cents a pack state cigarette tax is the lowest in the nation.

Secretary of State Robin Carnahan is reviewing the petitions to determine if there are sufficient qualified voters signing the petitions seeking a statewide vote on the proposed new state law.

If the initiative petition is approved by Carnahan, and is not overturned by subsequent legal challenges, it would be placed before Missouri voters to determine if it should become a state law. Verification of signatures by the secretary of state's office is expected to be completed sometime in August. The governor or the legislature cannot block an initiative petition properly placed on the ballot and approved by voters.

*Originally published here:* <http://www.fultonsun.com/news/2012/jun/22/missouri-school-board-endorses-73-cents-pack-cigar/>

## **FINANCE DIRECTOR'S COURT APPEARANCE DELAYED**

Opinion by Staff  
The Hour (CT)  
June 19, 2012

Robert Braddock Jr., House Speaker Chris Donovan's former finance director for his congressional campaign, has agreed to delay his impending court appearance.

Braddock has been charged with conspiring to hide the source of \$20,000 in contributions tied to an effort to kill legislation before the General Assembly that raised taxes on "roll-your-own" smoke shop owners.

The aide was originally scheduled to appear June 21 for a probable cause hearing. That hearing has been delayed until July 20, according to a document filed by Braddock's attorney.

The delay comes as federal investigators continue their probe.

Braddock is free on bail. His lawyer has said he's innocent.

On Tuesday, one of Donovan's Democratic primary opponents, Dan Roberti, called for new ethics rules to curb the influence of special interests on federal campaigns

*Originally published here:* [http://www.thehour.com/news/state\\_regional/finance-director-s-court-appearance-delayed/article\\_ff492b4e-571d-5aff-9e3d-4a8ea5206389.html](http://www.thehour.com/news/state_regional/finance-director-s-court-appearance-delayed/article_ff492b4e-571d-5aff-9e3d-4a8ea5206389.html)

## **VOTE ON TOBACCO TAX BALLOT MEASURE NARROWS AGAIN**

By Phil Willon  
Los Angeles Times  
June 21, 2012

The vote count for the tobacco tax on the June 5 primary ballot narrowed even more Thursday morning as elections officials across California continue to tally the last remaining uncounted ballots.

The measure, known as Proposition 29, was losing by 15,558 votes — or four-tenths of 1% -- a gap that has steadily tightened from 63,000 on election night.

More than 4.9 million ballots already have been counted across the state. The California secretary of state's office estimates that, as of Wednesday evening, just over 290,000 ballots remained uncounted. Shortly after the primary, there were more than a million uncounted ballots statewide.

The uncounted ballots consist of many cast by mail, as well as provisional and damaged ones.

Proposition 29 would add a \$1-per-pack tax on cigarettes to raise an estimated \$860 million a year for research on tobacco-related diseases and prevention programs. The American Cancer Society and cycling champ Lance Armstrong, a cancer survivor, were among the measure's biggest proponents, raising more than \$11 million to support the ballot initiative.

Tobacco companies poured nearly \$47 million into their campaign to defeat Proposition 29 and were joined by anti-tax and business groups.

*Originally published here:* <http://latimesblogs.latimes.com/california-politics/2012/06/vote-on-tobacco-tax-ballot-measure-narrows-again.html>

## **PHILIP MORRIS LOWERS FULL YEAR EARNINGS FORECAST AGAIN**

By Erin Sugar  
Proactive Investors  
June 21, 2012

Global tobacco company Philip Morris International (NYSE:PM) Thursday lowered its fiscal 2012 earnings forecast for the second time this year due to the strengthening US dollar.

The 10-cent decrease to between \$5.10 and \$5.20 a share follows a five-cent decrease in April. This compares with earnings of \$4.85 in 2011.

The cigarette maker, with brands such as Marlboro, now expects a negative currency impact of 25 cents a share to earnings for 2012, compared with a 19-cent benefit last year.

Excluding this 25 cent impact, diluted earnings per share are anticipated to rise between 10 and 12 per cent, the company said, versus adjusted earnings of \$4.88 in 2011.

The company's chairman and CEO Louis Camilleri, speaking at an investor day event in Switzerland, said it now sees a soft second-quarter performance in the EU, due to quarterly declines in sales in the region, particularly in Spain and Italy.

Philip Morris distributes its products across roughly 160 countries, with seven of the world's top 15 international brands under its name, including Marlboro.

In 2011, the company held an estimated 16 per cent share of the total international cigarette market outside of the United States, or a 26.1 per cent share if China is excluded.

Shares of Philip Morris traded down more than 2 per cent Thursday afternoon, at \$86.3.

*Originally published here:* <http://www.proactiveinvestors.com/companies/news/30852/philip-morris-lowers-full-year-earnings-forecast-again-30852.html>