

DAILY NEWS CLIPS

April 18, 2012

SENATE TO VOTE ON BILL TARGETING ROLL-YOUR-OWN TOBACCO

By Chelsea Kallman
WPLN – Nashville Public Radio
April 17, 2012

A state Senate committee has approved a proposal to raise taxes on cigarettes from “roll-your-own” tobacco shops. Right now raw tobacco is taxed less than cigarettes, and shop owners worry such a measure could put them out of business.

Some smokers save money on cigarette taxes by buying cheaper pipe tobacco and using a machine in the shop to roll their own. Now state lawmakers have a proposal to tax using such a machine. Backers argue rolling your own is like buying cigarettes, and should be taxed like it.

Not so, says tobacco lobbyist Dan Haskell.

“They buy raw materials and they make it into something. We just happen to have the machine that they prefer to use, and if we’re gone, all they’re going to do is go home and roll it at home themselves – and the state just ends up losing a couple of million dollars through the process.”

The Senate Finance Committee approved the measure Tuesday; the House Finance Subcommittee is set to pick it up Wednesday.

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TENN. LAWMAKERS TARGET ROLL-YOUR-OWN INDUSTRY

Associated Press
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A proposal targeting the roll-your-own cigarette industry in Tennessee is headed for a full vote on the Senate floor.

The measure sponsored by Republican Sen. Jack Johnson of Franklin was approved 7-3 in the Senate Finance Committee on Tuesday. The companion bill is scheduled to be heard in the House Finance Subcommittee on Wednesday.

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.

Beatrice Gonzalez is representing the roll-your-own retailers. She says under federal law, they're defined as "individuals who are making their own cigarettes" and shouldn't have to pay a cigarette tax.

And she says restricting use to tobacco on the registry "will shut people down."

Says Gonzales: "We're going to lose jobs in Tennessee."

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ANOTHER CASUALTY OF THE ANNAPOLIS BREAKDOWN: CIGAR, SMOKELESS TOBACCO TAXES

Baltimore Sun Political Blog

April 17, 2012

A special session of the legislature is definitely needed to prevent the disastrous "doomsday budget" from taking effect — but it is also needed to enact the life-saving tobacco tax increase, which like the proposed income tax increase failed to gain final General Assembly approval by midnight on April 9.

The House and Senate revenue conferees had agreed that the tax on little cigars should be increased from its very low present rate of 15 percent of the wholesale price (which was comparable to the 1999 cigarette tax of 36 cents per pack) to 70 percent and that the tax on smokeless (chew or spit) tobacco should go from 15 percent to 30 percent.

While the tax on smokeless tobacco was not as high as Gov. Martin O'Malley had proposed or we had wanted, the General Assembly should enact at least what the conferees agreed upon.

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FROM THE CAPITOL – APRIL 2012

Warner, Norcross & Judd Law Blog

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Tobacco Tax

Senate Bill 930 requires digital stamping of packs of cigarettes and appropriates \$6 million for tobacco enforcement measures. What it also does is classify those people who roll their own cigarettes for their own use with the help of cigarette rolling machines as manufacturers.

The same classification of “manufacturer” would be placed on retailers who own a cigarette making machine and allow others to use it. This “unique” interpretation of what constitutes a manufacturer will, if enacted, close several businesses around the state and cost the jobs of over 200 people.

One of the reasons enactment of the bill will put these retailers out of business is, it is currently impossible to obtain a manufacturer’s permit due to a federal court injunction prohibiting the federal government from doing so.

In 2011, the Michigan Department of Treasury attempted to treat people who own a roll your own cigarette machine as manufacturers, even though it is the customer who rolls his/her own cigarette. Warner attorneys successfully obtained an injunction against the Department of Treasury from enforcing its “manufacturer edict.” A trial is set for July.

Stymied in court, those who oppose the Roll Your Own folks are seeking to classify them as manufacturers through legislation. Senate Bill 930 was introduced on February 7, given a hearing on February 8 and was jammed out of the Senate on February 22.

Even though being somewhat more deliberate, the House has reported it from Committee to the Floor. Negotiations continue with House leadership in an effort to reach some sort of compromise which will allow retailers to stay in business.

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BLACK ADDRESSES HEALTH CARE, JOBS AT GALLATIN TOWN HALL MEETING

By Dessislava Yankova

Gallatin News Examiner (TN)

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Health care and job creation were some issues U.S. Rep. Diane Black addressed during a town hall meeting at the Sumner County Administration Building in Gallatin on Saturday, April 14.

Black (R-Tenn.), who visited Sumner as the last stop in her series of town hall meetings, spoke about health care options and updates including Medicare and President Barack Obama’s health care plan.

“We’re destroying our health care system as we know it with this reform,” Black said.

Following her 30-minute presentation, Black answered question from the about 50 attendees, some of whom came from Nashville.

Several residents said Black's support of a proposed bill to increase taxes on roll-it-yourself tobacco shops conflicts with Black's perceived stance. They said an increased tax on these small vendors, about 40 in Tennessee and approximately 2,000 nationwide, would put them out of business.

"She started by saying how much she really cares about creating jobs when this bill is going to do exactly the opposite," said Sam Jeffres, 25, a smoker, who questioned Black's stand on the issue first. "That bill will shut down jobs in Tennessee and take money out of people's pockets.

"I think she is more interested in protecting the corporations than people who're trying to create innovative business here in Tennessee and help the community. I find it hard to believe that she actually cares about the people she claims to care about: the regular Americans."

Black said she "feels the bill is necessary" because of fairness.

"I believe if you have a product, it should be taxed equally all the way across the line and when you tax one part of the industry differently than you tax another part of the industry, that is creating a problem...and is unfair," Black said. "I don't think that the government should choose winners and losers. "

Matt Corenswet, who co-owns a roll-it-yourself shop, disagreed.

"She's talking about fairness, and we should pay the same taxes as Marlboro," Corenswet said. "How do you see that as fair that we pay the same taxes as Marlboro? We're not a manufacturer. We just provide the product. It's big businesses trying to shut down the little guy."

Both Corenswet and Jeffres said they were not happy with the answers they received.

"We drove all the way here from Nashville and it was very unsatisfying because she obviously avoided answering our questions," Jeffres said.

Hendersonville resident Cheryl Lund addressed battling the deficit.

"Each party wants their way, but they need to find what's best for the country not for the party," said Lund, who supports Black's views. "I don't think (Congress') deficit plan is very good because it's over a 10-year (period), and over 10 years, they always come up with new spending, which increases the deficit.

"If Democrats and Republicans don't compromise on ways to cut down our spending, the deficit will continue to grow, and we'll end up like Greece," Lund continued. "I like Diane Black, and I feel she's looking out for the good of the country and she's a good representative for us, but I don't feel I got a good answer."

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<http://www.tennessean.com/article/20120417/GALLATIN01/304170031/Black-address>