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AIF SUPPORTS CLOSING UNFAIR CIGARETTE TAX LOOPHOLE

By Tom Feeney, President of the Associated Industries of Florida
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Imagine a business thriving in today's economy that does not have to follow the same rules and regulations as similar businesses like it must. While you might think that once exposed, the business would be shut down or be reprimanded, however that is not the case for roll-your-own cigarette manufacturers who are running operations throughout the state and country.

On behalf of Associated Industries of Florida, we support legislation currently before Congress, HR 4134, which would help end the exploitation of a tax loophole to sidestep rules and regulations. Unfortunately, roll-your-own cigarette manufacturing is a growing trend that some retailers have adopted to produce cigarettes at remarkably low rates. Through roll-your-own manufacturing machines these retailers are evading state and federal cigarette taxes that are paid by law-abiding traditional retailers and convenience stores. The proposed legislation is simply a common-sense solution that will require roll-your-own operators which sell these products to compete on a level playing field, thus protecting the thousands of Florida small businesses and their employees, who are required to follow industry rules and regulations.

While AIF supports entrepreneurial spirit, the business model for roll-your-own manufacturing has created an unfair advantage as such operators evade state and federal rules regarding the taxation, distribution and other product regulations that apply to traditional cigarettes. Since consumers operate their retail manufacturing machines to roll their own cigarettes, the retailers falsely claim that they are not manufacturers. This is a deliberately untrue assertion that creates artificially low prices and damages the competitive marketplace.

Not only does retail cigarette manufacturing erode the Master Settlement Agreement payments made to the state, but it threatens the sustainability of traditional retailers who are following the rules. Many of these retailers are members of AIF who have shared their struggle to keep up with the unfair competition that roll-your-own manufacturers pose to the industry. Another disconcerting fact is that

these unregulated cigarettes do not comply with state fire standards and are not labeled with the congressionally mandated surgeon general warnings, which are meant to protect consumers.

It is in the best interest of small businesses across Florida and consumers, that we close the loophole on roll-your-own cigarette manufacturing. We urge all Floridians and Florida's congressional delegation to support HR 4134 to protect the state's hard-working retailers and the people they employ. The passage of this important legislation will help Florida and the rest of the country resolve this economically damaging situation and allow retail businesses nationwide that follow the rules to continue to grow and thrive.

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HOUSE VOTES TO NEGOTIATE HIGHWAY BILL WITH SENATE

By Pete Kasperowicz

The Hill

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The House voted on Wednesday to meet with the Senate to negotiate a bill funding federal highway programs.

Members approved a motion to go to conference with the Senate on the highway bill by unanimous consent, setting up what could be several weeks of discussions with the Senate.

The Senate announced on Tuesday that 14 senators would lead negotiations on the bill for the Senate. The House was expected to name its conferees shortly.

Later Wednesday afternoon, the House turned away an attempt by Democrats to speed up the conference by instructing House negotiators to accept the Senate-passed bill. That bill, S. 1813, would fund federal highway programs for two years, a plan Democrats prefer over the House-passed bill that only extends funding through September.

The motion to instruct, from Transportation and Infrastructure Committee ranking member Nick Rahall (D-W.Va.), was defeated in a mostly party-line vote of 181-242.

Rahall said he brought up his motion to help speed up the conference, which will now have to sort out two very different highway funding bills. Aside from the duration of funding, the House bill also includes language mandating the approval of the Keystone pipeline.

"American workers should not have to wait any longer as Congress searches for an agreement," he said. "The time for political games is over."

Rahall also argued that if differences remain, Congress could pass the Senate-approved bill, S. 1813, and then pass a technical corrections bill to address these differences.

But Transportation and Infrastructure Committee Chairman John Mica (R-Fla.) said he opposed the motion to instruct, since it would effectively remove the House's point of view on the highway bill completely.

"What they want to do is cast the participation of the House of Representatives aside, and just adopt what the Senate has brought forward," Mica said of the Democratic plan.

The failure of Rahall's motion leaves open the chance of a House-Senate conference that lasts through June, since funding for federal highway programs expires June 30 under current law.

The Senate's two-year bill passed 74-22, a bipartisan vote that has prompted Democrats to call on the House to accept the Senate bill, which spends \$109 billion over two years. In contrast, House Republicans have been split on what bill to advance, and earlier this month approved another straight extension, H.R. 4348, funding federal programs through September 30.

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