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UNION TO HIGHWAY BILL CONFEREES: STEER CLEAR OF GOVERNMENT WORKERS' PENSIONS

By Keith Laing
The Hill
May 14, 2012

A union that represents federal workers is urging members of the committee of lawmakers who are attempting to negotiate a new federal transportation bill to not take money from government pensions to help facilitate a deal.

The Washington-based National Treasury Employees Union (NTEU) said Monday that 47-member conference committee that started negotiations on a new multi-year transportation should look other for revenue to fund road and transit projects than the retirement plans of federal employees.

"Further cuts to federal compensation will seriously impair the government's ability to attract or retain talented employees and should not even be under consideration in this conference committee," NTEU President Colleen Kelley wrote in a letter to lawmakers.

Some lawmakers have suggested increasing the contribution federal workers have pay into their pensions as a way to raise money for the transportation bill.

The House had proposed increasing domestic oil drilling to help pay for its originally proposal for a bill that would have spent $260 billion over five years on transportation, but the Senate approved a package of funding mechanisms that included several smaller sources to pay for the two-year, $109 billion version of the bill that was approved by the upper chamber.

The pension plan has not been formally included in either chamber's transportation proposal, but Kelley said it has been suggested in other deficit reduction efforts.

In every case, Kelley said it was unfair to target federal workers to find extra money for road projects, although NTEU supports the passage of a multi-year transportation bill.

“No one gets rich on a federal employee pension,” Kelley said. "Changing the employee contribution without changing the benefits in a similar way is simply a tax on federal employees."

Lawmakers have said little about the ongoing negotiations over the highway bill, but House Transportation and Infrastructure Committee Chairman Rep. John Mica (R-Fla.) has said members conference will be breaking into "working groups" to tackle individual issues such as the funding mechanisms this week.

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ENHANCING TRANSPORTATION

By Fawn Johnson
National Journal
May 14, 2012

One of the most carefully negotiated provisions of the Senate highway bill involves "transportation enhancements," a program that provides government funding to help states "expand transportation choices and enhance the transportation experience," according to the Transportation Department. Transportation enhancements are most closely associated with bike paths or pedestrian facilities, but they can also include outdoor advertising management, archaeological planning, or environmental mitigation like cleaning up water from highway runoffs.

Conservatives dislike this program (OK, they hate it) because the projects do not "improve infrastructure condition or meaningfully reduce congestion," according to Senate Environment and Public Works Committee ranking member James Inhofe, R-Okla.

By contrast, the transportation enhancement program is important to Democrats like Committee Chairman Barbara Boxer, D-Calif., who insist that preserving alternative traveling options is a core part of the highway program.

The Senate bill would give states the option to use transportation enhancement money for other activities like saving endangered species or preserving wetlands. Beyond that, the contours of the compromise are so complicated that I frankly can't tell what states would be allowed to do or who came out on top in the negotiations.

Suffice it to say that the transportation enhancement funding is still in the bill, but states would be given more options about how to use it if that language remains unchanged in the House/Senate conference committee.

Chances are that this kind of carefully crafted deal won't be unraveled by the negotiators who are trying to hammer out a much larger highway bill before the year runs out. But it isn't law yet, which means everyone who cares about alternative transportation, or about options for states, needs to keep an eye on the talks.

What is the value of the transportation enhancement program, if any? Is it really such a big deal? Are there common misconceptions about it? Is it too simplistic to call it the "bike path" money? Is the Senate compromise on satisfactory? What should we know about it that hasn't already been said? Should the program be eliminated? Should it be strengthened?

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BILL WOULD CLOSE TAX CODE LOOPHOLE ON ROLL-YOUR-OWN TOBACCO

By Join Together Staff
The Partnership at Drugfree.org
May 14, 2012

Three U.S. senators have introduced legislation that would close loopholes in the tax code that allow tobacco manufacturers to avoid the federal cigarette tax and the roll-your-own tobacco tax.

Since pipe tobacco is taxed at a lower rate than cigarettes, some companies are offering customers the option of buying pipe tobacco, and allowing them to roll their own cigarettes to avoid paying the federal cigarette tax, CSPnet.com reports.

Senators Dick Durbin of Illinois, Frank Lautenberg of New Jersey and Richard Blumenthal of Connecticut have introduced the Tobacco Tax Equity Act, which would establish the tax rate on all tobacco products at the same per-unit level as cigarettes. The bill is designed to eliminate the current tax incentive for tobacco manufacturers to label roll-your-own tobacco as pipe tobacco in order to sell their product at a lower cost, according to the senators.

A recent report by the General Accountability Office (GAO) found the sales of pipe tobacco surged after the federal government imposed a 2,000 percent increase in taxes on roll-your-own tobacco and small cigars.

The federal excise tax on cigarettes rose 158 percent in 2009, in order to pay for an expansion of the State Children's Health Insurance Program. The government anticipated that smokers—particularly teens—might switch from cigarettes to roll-your-own tobacco and small cigars, which was then taxed at a lower rate. Therefore it raised taxes on roll-your-own tobacco from $1.10 per pound to $24.78 per pound; the tax on small cigars rose from $1.83 per pound to $50.33 per pound.

The tax on pipe tobacco rose at the same rate as the cigarette tax, increasing from $1.10 per pound to $2.83 per pound. Since those changes took effect, roll-your-own tobacco sales have decreased 74 percent, while pipe tobacco sales have increased more than nine-fold, according to the GAO report.

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DURBIN, LAUTENBERG, BLUMENTHAL INTRODUCE LEGISLATION TO CLOSE TOBACCO TAX LOOPHOLES

Submitted by Patricia Williams
PoliticalNews.me
May 14, 2012

Legislation follows CDC Report that found $1.3 billion in lost revenue for state and federal governments as a result of roll-your-own tobacco relabeled as pipe tobacco

U.S. Senator Dick Durbin (D-IL) was joined by Senators Frank Lautenberg (D-NJ) and Richard Blumenthal (D-CT) to introduce the Tobacco Tax Equity Act to close loopholes in the tax code that allow tobacco companies to avoid the federal cigarette and roll-your-own (RYO) tobacco tax. Because pipe tobacco is taxed at a lower rate than cigarettes, some companies have begun offering the option of purchasing pipe tobacco and allowing customers to roll their own cigarettes to avoid paying the federal cigarette tax

"The current loopholes in the taxes on tobacco products encourage the use of products like pipe tobacco, smokeless tobacco, and "nicotine candies" as a cheap source of tobacco, particularly among young people. This difference in tax rates doesn't make sense, and we are already seeing tobacco manufacturers abusing them by changing the labels on their products to avoid paying the higher tax. This bill will stop tobacco manufacturers from gaming the system and protect more children and teens from this dangerous habit," Durbin said.

"These loopholes are another egregious example of tobacco companies putting the bottom dollar over public health the wellbeing of our children," said Lautenberg. "This legislation will stop big tobacco from exploiting loopholes that cheat the government out of tax dollars. If companies won't do what is right, then we will by working to pass this bill and close the loopholes."

"Incredibly, the tobacco industry continues to seek profits by addicting children and avoiding taxes. I am proud to cosponsor the Tobacco Tax Equity Act to eliminate disparities in tobacco tax rates, closing a harmful loophole in our tax code that taxes repackaged pipe tobacco and other tobacco products at lower levels than cigarettes, small cigars, and roll-your-own tobacco. This bill equalizes the federal tax rate for all tobacco products to that of cigarettes. It will generate more than a billion dollars in revenue, and help prevent young people from beginning a deadly addiction," Blumenthal said.

Last month, a Government Accountability Office report found that RYO tobacco products are currently being sold in packages labeled as pipe tobacco – which is taxed at a lower rate – with no change to the product. In addition, a recent report by the Centers for Disease Control and Prevention (CDC) revealed more than $1.3 billion in lost state and federal revenue as a result of tobacco manufacturers relabeling RYO tobacco as pipe tobacco. By establishing tax parity and closing loopholes in the tobacco tax code, this bill would generate approximately $4 billion in revenue over 5 years.

The Tobacco Tax Equity Act would create tax parity by establishing the tax rate on all tobacco products at the same per unit level as cigarettes. Under current law, small cigars and RYO tobacco products are taxed at the same level as cigarettes; however, cigars, smokeless tobacco, and pipe tobacco are taxed at a dramatically lower rate. As a result, some businesses have begun offering customers the option of purchasing under-taxed pipe tobacco or RYO relabeled as pipe tobacco and renting time on cigarette

making machines in order to avoid paying the federal cigarette tax. This legislation would eliminate the current tax incentive for tobacco companies to falsely label RYO tobacco as pipe tobacco in order to sell their product at a lower cost.

In a letter to Durbin, American Cancer Society Cancer Action Network President Christopher Hansen, American Lung Association President and CEO Charles Connor, American Heart Association CEO Nancy Brown, and Tobacco-Free Kids President Matthew Myers said, "Creating a more equitable tax system, free of loopholes, will help prevent young people from starting to use tobacco products and help current users to quit." The Tobacco Tax Equity Act is also supported by American Public Health Association.

Every year, tobacco use kills 443,000 Americans, most of whom started using tobacco as teenagers. Although significant progress has been made to reduce tobacco use among adolescents and young adults, nearly one in four high school seniors and one in three young adults under 26 still smoke. A recent report by the Surgeon General labeled tobacco use a "pediatric epidemic" that will kill one out of every three young smokers.

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"TOBACCO TAX EQUITY ACT" INTRODUCED, INCLUDING POSSIBLE TAX ON E-CIGARETTES?

By Troutman Sanders Tobacco Law Team
Tobacco Law Blog
May 14, 2012

Last week, anti-tobacco Senators Durbin (D-IL), Lautenberg (D-NJ) and Blumenthal (D-CT) introduced the so-called "Tobacco Tax Equity Act," Senate Bill 3081. Similar in form to legislation previously introduced by Senator Harkin (which has yet to get a hearing), the bill purports to equalize taxes for various types of tobacco products.

Specifically, the bill would:

- Raise the pipe tobacco rate by almost 800%, from $2.83 per pound to $24.78 per pound (equivalent to the rate for roll-your-own tobacco)
- Raise the snuff rate by almost 800%, from $1.51 per pound to $13.42 per pound
- Raise the chewing tobacco rate from 50 cents per pound to $5.37 per pound
- Maintain the same rate for large cigars (52.75% of the sale price), but impose a minimum tax of 5.033 cents per cigar (equivalent to the rate for cigarettes) and raise the maximum tax to $1.00 per cigar.

The bill has been touted by its sponsors as requiring all tobacco consumers to pay the same rates as cigarette consumers, although the rates for smokeless tobacco remain lower.

One provision that has not been discussed in the various press releases regarding the bill is a provision entitled "Other Tobacco Products." This provision imposes a new tax on "other tobacco products," a definition which has been expanded to include "any other product containing tobacco that is intended or expected to be consumed." The provision taxes "other tobacco products" (including products

determined to be a "tobacco product" by the FDA) at a rate equivalent to the tax rate for cigarettes, to be determined in accordance with regulations to be issued by the Treasury Department.

Given that the federal excise tax already covers cigarettes, roll-your-own tobacco, pipe tobacco, smokeless tobacco and cigars, the most obvious candidate for the new tax is e-cigarettes. E-cigarettes (at least to the extent they contain tobacco) could be considered a product that is "intended or expected to be consumed." It is not clear how the Treasury Department would implement or collect the tax, given that there is currently no mechanism for licensing manufacturers or importers of e-cigarettes, or for reporting their sales.

Originally published here: http://www.tobaccolawblog.com/2012/05/tobacco-tax-equity-act-introduced-including-possible-tax-on-e-cigarettes/

NEWS: SENATOR DICK DURBIN INTRODUCES CIGAR TAX HIKE LEGISLATION

Post by StogieGuys.com
May 14, 2012

Last week Senator Dick Durbin (D-IL) introduced legislation that would increase federal taxes on premium cigars. Senators Frank Lautenberg (D-NJ) and Richard Blumenthal (D-CT) are co-sponsoring the bill.

The goal of the legislation, as stated by the senators, is threefold: to bring all tobacco products in line with the relatively higher taxes that are levied on cigarettes, to discourage the use of tobacco products by minors, and to increase government revenue. "The current loopholes in the taxes on tobacco products encourage the use of products like pipe tobacco, smokeless tobacco, and 'nicotine candies' as a cheap source of tobacco, particularly among young people," Durbin said in a statement. "This bill will stop tobacco manufacturers from gaming the system and protect more children and teens from this dangerous habit."

It is also expected to boost government coffers by $1 billion.

Additionally, the senators aim to make it more costly to purchase premium cigars. Durbin's so-called "Tobacco Tax Equity Act of 2012" would raise the per-cigar tax ceiling on large cigars over 150%, from 40.26 cents to 100.66 cents. It would also establish a per-cigar tax floor at 5.033 cents. This move comes only days after Durbin and Lautenberg publicly encouraged the FDA to regulate cigars and ban "flavored" cigars outright.

Senator Durbin and his cohorts do not have the courage to say that they'd like to regulate and tax cigars out of existence, but that seems to be the outcome they're shooting for. Cigars are already taxed quite high, especially when you add up the federal, state, and local taxes. And we've written before that regulation of cigars by the FDA would be devastating to the industry, which helps provide 85,000 jobs in the U.S. and hundreds of thousands in Latin America. Ingredient disclosure, testing, and marketing restrictions would stifle the development of new cigar blends and eliminate events where cigar makers pass out free samples to cigar shop patrons.

Be sure to take a few moments to effectively contact your senators and urge them to not support the Tobacco Tax Equity Act of 2012.

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