

DAILY NEWS CLIPS

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REP. BLACK FACES TOUGH CROWD OVER ROLL-YOUR-OWN TOBACCO

By Daniel Potter

WPLN News (Nashville, TN Public Radio)

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Tennessee Congressman Diane Black got an earful from constituents Tuesday night about roll-your-own tobacco shops. About two-dozen people turned out for Black's town-hall meeting in Lebanon.

Roll-your-own tobacco shops sidestep a higher tax on cigarettes by instead selling tobacco, and letting customers use a machine in the store to make cigarettes themselves. Last month Black introduced a bill to reclassify that as manufacturing (HR4134). Several shop owners like Ned Overton insisted that would kill jobs.

"You want to support small business and you want to support jobs. You're going to put this girl out of a job, that girl out of a job, there are other people – you'll put me out of work! You'll put that man right there with his hand on his chin out of work. You'll put that man in the blue shirt out of work."

Black argues such businesses are unfair to competitors that pay the higher tax on cigarettes. One woman at the meeting also challenged Black for supporting a conservative budget proposal, while another called on her to protect defense spending from cuts. Asked about the tough crowd afterward, Black said "this is what town-halls are all about."

A similar bill (HB3606/SB3316) to make roll-your-own shops pay specific taxes is moving in Tennessee's legislature. On Tuesday a Senate committee put off dealing with it for a second week in a row. On the House side it's scheduled to go before the Finance committee Wednesday.

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WASHINGTON REPORT: CONNECTICUT WANTS TO CLASSIFY RYO AS MANUFACTURERS

NACS News Blog

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The state Legislature is considering a law that would make roll-your-own tobacco shops obtain a manufacturer's license; NACS urges members to get involved at the federal level.

Earlier this year, a Connecticut Superior Court ruled that roll-your-own (RYO) tobacco shops could not be called manufacturers. That hasn't stopped the Connecticut legislature from pursuing the matter with a bill that would require such shops to purchase a \$5,000 manufacturer's license, the CT News Junkie reports.

The state had asked the court for an injunction against one RYO store, but lost when the court decided that since customers made the cigarettes, the shop couldn't be called a manufacturer. The attorney general found that ruling too narrow to close the issue, given that the state can't check on whether employees help customers with the machines.

The state Senate's Finance Committee approved the measure last week, which had been proposed by the Department of Revenue Services. "Many people in our state are paying the cigarette tax as we have levied it," said Sen. Eileen Daily, who co-chairs the committee. "They still have a big number between what we hear they're selling for and what a carton of cigarettes is selling for. So they have the ability to recoup this expense."

In Congress, the U.S. Senate tacked on a proposal that would level the playing field for all retailers selling tobacco products in the Highway bill. The House is considering H.R. 4134, a bill introduced by Rep. Diane Black (R-TN) with similar language that would provide long-term regulatory and tax certainty.

NACS urges members to contact their representatives asking for their support on this measure. Members should mention that the governors of Idaho, Wyoming, South Dakota, Arkansas and Virginia have either banned RYO machines outright or have labeled them as manufacturers and that the president of the National Fire Protection Association sent a letter to the state fire marshals in all 50 states deeming retailers that operate these machines as cigarette manufactures

"We need every bit of grassroots support we can get at this point," said Corey Fitze, NACS director of Government Relations. "We need you to get motivated on this issue in order to ensure the playing field stays level and our stores stay competitive in selling tobacco products. RYO machines might not be in your area now; however, when they are you will be losing not only a substantial amount of cigarette sales but also all of the ancillary sales that go with that basket."

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HEALTH ADVOCATES SAY HIKE TAXES ON TOBACCO PRODUCTS TO CUT USE

By Ellen Kleinerman
Cleveland Plain Dealer (OH)
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At around \$6.69 a pack, cigarettes are inexpensive in Cleveland, especially in comparison to New York City where smokers pay as much as \$11.90 per pack.

The big difference is state and local taxes.

And because studies over the years have shown that tobacco use goes down when the cost goes up, health advocates want to see these taxes in Ohio and around the country increase even more.

Ohio's tax is \$1.25 per pack, and Cuyahoga County adds another 34 cents. New York state tax per pack -- the highest in the country -- is \$4.35, with New York City levying an additional \$1.50. Everyone in the U.S. pays the \$1.01 per pack federal tax.

(For smokers searching for a bargain, Missouri has the lowest state tax in the country at just 17 cents per pack followed by Virginia at 30 cents per pack.)

But even with high price tags, an estimated 46.6 million adults in the U.S. continue to smoke cigarettes.

Taxing not only drives up cost, but it discourages smoking and creates revenue for prevention and treatment, says Shelly Kiser of the American Lung Association.

The lung association is pushing for an additional \$1.25 tax per pack in Ohio. As of now, no bill sponsor appears to be stepping forward.

Kiser is quick to point out that Ohio brings in about \$1 billion each year in revenue from the existing cigarette tax and spends no money on prevention programs. The additional tax would net another \$347 million each year that the legislature could use for anything, she said, including prevention efforts.

But Kiser says the public's attention also should turn to the inequities of taxes on other tobacco products. "The state could tax all tobacco at the same rate. That would give Ohio an additional \$50 million."

Taxes on tobacco products that are not cigarettes, are low in comparison. Ohio levies a 17 percent tax on the wholesale price of tobacco products such as snuff, chew and cigars. In comparison, Ohio smokers pay about 41 percent in state tax on a pack of cigarettes.

Ohio's rate on noncigarette tobacco products is relatively low compared with Wisconsin's 100 percent tax on snuff and 71 percent tax on chew and cigars. Pennsylvania has no tax on snuff and chew.

The Centers for Disease Control and Prevention says that cigar, cigarillo, snuff, chew and pipe smoking all can have deadly consequences including lung, larynx, esophageal and oral cancers.

Tobacco use is expensive for a lot of reasons.

U.S. government figures show that smoking-related health costs and lost productivity add up to about \$10.28 per pack nationwide.

All this fuss about tobacco boils down to one reality: Tobacco use is the single most preventable cause of death, disease and disability in the U.S., according to the CDC. More than 443,000 people die prematurely from smoking and exposure to smoke each year, and 8.6 million live with serious tobacco-related illnesses.

In Ohio, tobacco use kills 18,500 people, and costs the state \$4.37 billion in health care costs, annually.

A new CDC report says that states have been reluctant to raise taxes even though the move has been shown to discourage new smokers -- especially teens. An estimated 16,900 youths light up for the first time each year in Ohio.

Here are some statistics from the CDC report released last month.

- Smokeless tobacco use is increasing among young white males and cigar smoking is increasing among black females.
- About 1 in 10 male high school seniors are smokeless-tobacco users.
- More than half of white and Hispanic high school males who use tobacco use more than one product.
- About half of Hispanic females who use tobacco use more than one tobacco product.

In a major election year like this, anti-smoking advocates agree that convincing lawmakers at any level to boost taxes is a tough sell. Only eight states have increased cigarette taxes in the last two years. New Hampshire reduced its cigarette tax last year, according to the CDC report.

Raising taxes on all tobacco products would likely discourage people from simply switching from cigarettes to chew because, Kiser said, "they're both deadly."

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LUNG ASSOCIATION: OHIO NEEDS HIGHER TAXES ON WHOLESALE TOBACCO

By Maranda Shrewsberry

WKSU Radio (Kent, OH)

April 11, 2012

Health group says roll-your-own cigarettes and other wholesale sales are hurting kids

The American Lung Association wants Ohioans to hike taxes on all tobacco products – not just cigarettes – to cut back on tobacco use.

Ohio now tacks a \$1.25 onto each pack of cigarettes and a nearly 20 percent tax on the wholesale price of tobacco products such as snuff, chew and cigars.

Shelly Kiser, a spokeswoman for the American Lung Association in Ohio, says the association wants to focus on raising taxes on those wholesale products because things like hookah and roll-your-own tobacco are becoming more popular with young people.

"We don't want people to start using and switching from cigarettes to this product instead of stopping. And also there're youth-focused kind of products that come in strawberry, watermelon, bubblegum. ... They're great youth starter products, unfortunately."

Kiser says raising taxes could help Ohio create new tobacco prevention programs. The settlement with tobacco companies that had funded such programs has been redirected to cover other state expenses.

Original story and audio here: <http://www.wksu.org/news/story/31315>

ROLL-YOUR-OWN: A CHEAPER WAY TO SMOKE

By Al Vaughters
WIVB-TV (Kenmore, NY)
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But New York State may target smoke shops

Some cigarette smokers are finding a cheaper way to light up. But New York State may be looking for a way to stop the practice of roll-your-own cigarettes.

It's a new convenient way of rolling your own cigarette. You fill a machine with shredded tobacco. The paper is already rolled up and attached to the filter. Insert the paper tube, and the machine fills it with tobacco.

Roll-your-own store owners don't pay the cigarette taxes, so the do-it-yourselfer can save as much as half on a pack of homemade, or store-made smokes.

Kenmore Smoke Shop owner Tom George said, "If I owned a manufacturer and I was making the cigarettes with those million-dollar machines, they get taxed a little more than I do - a lot more than I do, let's put it that way."

Tom and his mother Theresa opened the Kenmore Smoke Shop last fall primarily as a cigar lounge. They turned to the roll-your-own machines after a friend told them how big the business had become in Florida.

"And she said that people are lined up around the corner to make their own cigarettes in Florida," noted Theresa.

But the Georges know the roll-your-own business could be short-lived. New York Attorney General Eric Schneiderman has already taken aim at an upstate roll-your-own shop near Syracuse that is now out of business. A number of roll-your-own stores in New York City have been shut down by tax collectors there.

The Georges are also mindful there is a health downside to smoking.

Tom argued, "But there is a health issue with 90 percent of the food you eat. So if that is the case, then why not raise the prices on everything - food, meat, steak - you know what I mean? It does not make sense. It seems like New York State does not want the small business to succeed."

But the Georges say the cigar lounge side of the business is their number one priority. It is legal and it is guy-driven.

"A lot of wives don't like their husbands smoking cigars in the house, because they do smell," noted Tom.

So what happens if the state moves against roll-your-own machines?

Theresa assured, "Once the state makes up its mind, we will follow the law."

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WASHINGTON LEGISLATURE PASSES BUDGET PROPOSAL

By Rachel LaCorte

Associated Press

April 11, 2012

The Washington state Legislature has approved a supplemental budget, setting them up for a final adjournment of an overtime legislative session.

The Washington state Legislature approved a supplemental budget Wednesday, setting the stage for adjournment of a double overtime legislative session.

The Senate passed the measure on a 44-2 bipartisan vote, sending it to the governor for her signature. The House earlier passed the negotiated agreement on a 64-34 vote. Lawmakers worked through the early morning hours passing several bills before taking up the budget.

Sen. Ed Murray, Senate Democrats' lead budget writer, lauded the fact that lawmakers didn't make cuts to K-12 or higher education, as they have in past budgets.

"That's key," he said following the vote.

Gov. Chris Gregoire had called lawmakers back into a second special session at midnight Tuesday after they failed to complete their work by the end of the first 30-day special session.

The budget plan relies heavily on an accounting maneuver, valued at \$238 million, in which the state would temporarily claim control of local sales taxes before they are redistributed back to jurisdictions at their usual time - roughly a month after they are collected. Some social safety net programs that were at risk of being cut were preserved.

The budget increases taxes, raising \$14.5 million by eliminating a tax deduction for some large banks. It also brings in some \$12 million by changing rules on roll-your-own cigarettes.

Lawmakers plan to leave some \$320 million in reserves.

Reform bills that had been a key part of negotiations have either been passed out of the entire Legislature, or at least one chamber.

Even though any special session can run up to 30 days, Gregoire said early Wednesday that lawmakers agreed to a one-day session. Lawmakers had been passing bills tied to the budget right up until the deadline, but weren't able to move everything before time ran out.

The flurry of activity over the past two days was the culmination of months of negotiations over how to close a roughly half-billion dollar shortfall for the two-year budget cycle ending June 2013.

Lawmakers had announced Tuesday that they reached a tentative deal, and started moving bills. However, at various points, action came to a halt as negotiators worked out details on bills still in question.

Gregoire said a key sticking point was over a bill to alter health insurance benefits for K-12 employees, but ultimately a compromise helped both chambers pass the measure.

Part of the agreement was tied to a bill addressing early retirement benefits for future state employees. That measure had been a key sticking point between Democrats and Republicans.

A Republican-led coalition in the Senate had insisted on several reform-related bills, including the pension one, before taking up the budget. Senators approved the pension bill Tuesday by a margin of 27-22. It later passed the House, finalizing a deal that eluded lawmakers for months and delayed final action on the state budget.

State workers who retire before the age of 62 already have scaled back pension benefits. Under the new bill, pension benefits for workers retiring at the age of 55 would be reduced by as much as 50 percent. The changes only apply to workers hired starting in May 2013. The plan would save the state an estimated \$1.3 billion over 25 years.

Also Tuesday, the House passed a measure that would require the state's two-year budget to be in line with anticipated revenue over a four-year period or 4.5 percent growth per year, whichever is greater. The measure, another bill that was part of the budget negotiations, was passed by the Senate and headed to Gregoire's desk.

Lawmakers also approved a \$1 billion capital budget package that supporters say will lead to 18,000 construction jobs.

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WASHINGTON LEGISLATURE: LAWMAKERS SHOW MORE CONFIDENCE IN FINISHING BUDGET PLAN ON TIME

By Justin Runquist
The Oregonian
April 11, 2012

Signs of finishing the budget before the special legislative session ends grew stronger Tuesday evening after weeks of uncertainty and stagnation.

Lawmakers are saying they have come to a long-awaited agreement on the foundational issues of the budget. They still need time to pass bills that address several key roadblocks. But accomplishing that before the midnight deadline looks more realistic at this point, they say.

They conquered one of those obstacles Tuesday by passing a pension reform bill sponsored by Sen. Joe Zarelli, R-Ridgefield. The bill crimps early retirement benefits for state employees hired after May 2013.

On the floor, Zarelli said the bill is a compromise that ensures retiring state workers will still have decent benefits, despite losing a chunk of their pension for each year of early retirement they take.

The measure is expected to save the state and local governments \$1.3 billion over a 25-year period. Vancouver Sens. Don Benton, a Republican, and Craig Pridemore, a Democrat, voted against the bill.

Only a handful of Democrats voted in support of the bill, and Benton is one of just two Republicans to oppose it.

"I was pushing for a different solution," Benton said. "The bill that passed still uses taxpayer dollars to subsidize early retirement."

Benton said he supports early retirement for state workers that have served for decades, but he does not agree with putting taxpayer dollars toward it. He supported an alternative proposal to give state employees the option to begin setting aside portions of their own income for early retirement.

"All new employees would pay a little extra to go into their retirement option" Benton said, referring to the alternative.

Senate Republicans stood behind that second option Monday and then turned it down Tuesday in an effort to finish the budget process on time by getting in line with House Democrats, Benton said.

The next roadblocks to clear out of the way before passing a final budget are reaching agreements on a four-year balanced budget requirement and reforms for K-12 school employee health benefits.

Revenue bills are not entirely off the table, either. A bill to extend cigarette taxes to roll-your-own cigarettes, for instance, is still up for consideration in the Senate. It passed the House last week.

Lawmakers failed to come to an agreement during the regular session on a plan that would close a roughly \$500 million budget gap and leave several hundred million dollars in reserves. Gov. Chris

Gregoire called a special session on March 8 just minutes before midnight when the regular session drew to a close.

The special session carried on slowly with little visible action until the last two weeks, when legislators returned to their Capitol offices to wait for votes on critical bills. Throughout most of the special session, only key legislative leaders and budget writers stayed in Olympia to work with the governor and her budget director, Marty Brown, in an attempt to reach a compromise budget plan.

Doubt about finishing on time hung in the air going into the last morning of the special session, but confidence swelled as the day wore on.

"I think we're going to finish tonight," Benton said. "Late, very late."

If they don't finish the job on time, Gregoire can call lawmakers back in the morning or hold them past midnight to continue working. If that happens, Benton said, it should only be a matter of hours before they wrap everything up.

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http://www.oregonlive.com/politics/index.ssf/2012/04/washington_legislature_lawmake_2.html