

## DAILY NEWS CLIPS

April 24, 2012

### **OWNERS OF ROLL-YOUR-OWN TOBACCO SHOPS SAY NEW LAW WILL PUT THEM OUT OF BUSINESS**

By Katrina Roi

KUOW News (WA) – Radio Transcript

April 23, 2012

Owners of small roll-your-own tobacco shops say Washington state's new law will put them out of business. The state expects to raise \$13 million per year by classifying roll-your-own businesses as cigarette manufacturers. But even the bill's sponsor isn't completely satisfied with the way it turned out.

The new law helped to balance Washington's budget. It will require the owners of roll-your-own tobacco shops to get a license, add tax stamps to their products and enforce new customer rules. The changes take effect July first.

The bill was sponsored by State Representative Steve Kirby. In retrospect, he's not sure he likes the way the bill ended up.

Kirby: "Does this have the possibility of being a big old screwed-up mess for some period of time? Certainly it does! And it's because whenever you get the curious mix of tobacco companies and anti-tobacco folks fighting for the same bill, that should be a red flag for anybody that's been doing this for any amount of time. And it certainly was for me."

One store that would be affected is Tobacco Junction in Seattle's Rainier Valley. The shop sells pipe tobacco and paper tubes. Customers pay to use a machine that rolls those into cigarettes.

Goodall: "Go ahead and take this whole box, put it right in there."

Renee Goodall co-owns the store with her son and daughter. Her customer puts tobacco in the top of the machine, inserts paper tubes and hits start.

Goodall: "Have a seat."

Sound: (Machine starting up.)

One cigarette at a time pops out of the machine. They look a lot like ones you'd buy in a pack, but Goodall says her cigarettes have imperfections, and so they cost less.

Twenty cigarettes at Tobacco Junction are \$5.45, whereas a pack of Marlboros is \$8 or \$9.

Supporters of the new regulations say roll-your-own cigarette shops have been taking advantage of tax loopholes.

Tobacco Junction sells pipe tobacco, which is taxed at a much lower rate than cigarette tobacco. And the store avoids Washington's dollar-per-pack tax on pre-packaged cigarettes.

Goodall says the new rules will be an overwhelming burden.

Goodall: "If everything goes like I am afraid it will, it's gonna shut us all down. There's no way we can comply and we'll have to just shut our doors."

Patrick Monrean is a regular who lives nearby. He buys roll-your-own cigarettes because they're cheaper.

Roi: "What does it mean to you that potentially there's going to be a new tax that will make it harder for businesses like this to operate?"

Monrean: "That's great for the government, but it hits poor people in the pocket. A lot of us, after 30 to 40 years, we can't give up smoking anymore. At my age right now, I'm 54, I don't want to give up smoking. I enjoy smoking."

State Representative Kirby actually voted against a tax hike on cigarettes two years ago. He says the focus of his roll-your-own bill changed dramatically as it progressed through the Legislature.

Kirby: "You know there's a certain amount of discomfort with this bill for me. Because to me, when I took it on, it was a consumer protection bill. It had to do with keeping kids from having access to cigarettes and making sure people were only rolling cigarette tobacco in these machines."

Kirby says roll-your-own supporters could propose legislation to delay the impact of his bill, but shops would need to stay in business for six months while they wait for the next legislative session in January. Kirby says it's pretty unlikely that new legislation would succeed.

Governor Gregoire is expected to sign the budget on Wednesday.

Renee Goodall is worried about what's coming. She says she was unemployed for a year before starting Tobacco Junction, and she put everything into the store.

Goodall: "It's not gonna be good. I mean I can't go bankrupt. I borrowed money from my family. You don't go bankrupt on your family. You pay them back. So it's gonna mean just going out and trying to find a job."

Critics of the roll-your-own law may oppose it on the grounds that it's a new tax. In Washington state, new taxes need a 2/3 majority. The roll-your-own regulations passed without a 2/3 majority in the senate.

Audio and transcript available here: <http://kuow.org/program.php?id=26565>

## **ROACH ASKS ATTORNEY GENERAL FOR INFORMAL OPINION ON ROLL-YOUR-OWN CIGARETTES BILL**

By Alexis Krell  
The Bellingham Herald (WA)  
April 23, 2012

Sen. Pam Roach asked the state attorney general's office today to give an informal opinion as to whether a measure to tax cigarettes from roll-your-own machines the same as retail smokes qualifies as "raising taxes," for Washington residents.

That's significant, because voters passed Initiative 1053 in 2010, which requires a two-thirds vote by lawmakers to do just that.

Lawmakers passed the roll-your-own measure with a simple majority of the Senate during special session. Lt. Governor Brad Owen ruled that a supermajority was not necessary, saying the bill applies an existing tax to a new technology.

Read The News Tribune's story about the bill [here](#).

Roach forwarded her email request, ending it with:

P.S. Regardless of the merits of this tax increase (I voted against it), it is important that the Legislature be honest about the bills that it passes (they weren't in this case) and follow the rules the voters require (the Legislature didn't in this case). I am very concerned that this violation of I-1053 (I was one of the initiative's co-sponsors) will only spur further I-1053 violations.

Originally published here: <http://www.bellinghamherald.com/2012/04/23/2493271/roach-asks-attorney-general-for.html>

## **DEMOCRATS SHOULD GO IT ALONE ON CIGARETTE TAX INCREASE, SENATE GOP LEADER SAYS**

By Rick Pearson  
Chicago Tribune  
April 23, 2012

*Proposal is part of \$2.7 billion initiative to buoy Medicaid.*

Illinois Senate Republican leader Christine Radogno suggested Monday that if Democrats want a cigarette tax increase to stave off some health care cuts, Democrats should provide the votes.

The comments came as the legislative leader from Lemont credited Democratic Gov. Pat Quinn for advancing plans to deal with pension and Medicaid costs but said Democrats should focus on spending cuts instead of tax increases.

Last week, Quinn proposed a \$2.7 billion package of cuts and revenue for Medicaid, the state's health care program for the poor. Included in the governor's plan is a \$1-per-pack increase in the state's cigarette tax to generate \$675 million in state and federal dollars. The governor originally had called for \$2.7 billion in cuts to Medicaid.

"The problem is that it is a revenue solution to a spending problem. We're looking for money rather than looking at the spending side, and it's that default position that has gotten us exactly into the mess we're in," Radogno told a City Club of Chicago audience.

Noting that Democrats, who control the General Assembly, last year passed a state income tax increase without any Republican support, Radogno said, "They can pass the cigarette tax increase on their own if that's what they want to do."

On pensions, Radogno credited Quinn for coming up with what she called a "bold proposal" aimed at moving state workers into a system that raises the retirement age, includes higher out-of-pocket costs for employees and scales back cost-of-living increases.

But she said Republicans oppose Quinn's push to shift \$1 billion in pension costs from the state onto local school districts outside Chicago.

The governor's cost-shifting proposal followed questions by several Democrats over what they called the unfairness of Chicago taxpayers paying for city teacher pensions as well as contributing tax dollars to pay for suburban and downstate educators' retirement.

"Frankly, the issue is a lot more complex than that, particularly the equity issue," Radogno said.

"What we have to look at is the total (state) funding for education that goes in to the city of Chicago," she said. "Chicago is treated differently in a number of areas, in fact, favorably in a number of (funding) areas relative to downstate and suburban schools, and those need to be addressed at the same time there's any discussion about a shift in responsibility for pension costs."

Radogno said there is merit in noting that teachers are not state employees and that local school districts would have "some skin in the game" over pension costs.

"I'm willing to have that discussion, but it's going to have to be a discussion separate and apart from this pension discussion," she said. "The savings from the shift are not significant enough to derail it over this issue. It should be set aside."

*Originally published here: <http://www.chicagotribune.com/news/local/ct-met-illinois-pension-reform-20120424,0,6151327.story>*

## **OPINION: WHY THE CIGARETTE TAX IS ANOTHER POOR TAX**

Editorial by Edward McClelland

NBC 5 News – Chicago

April 23, 2012

On Tax Day, we learned that Illinois's tax system soaks the poor more than any other state's, other than Alabama. Now, Gov. Pat Quinn is proposing another tax that will fall more heavily on the poor than the wealthy: a \$1-a-pack cigarette tax, that is expected to generate \$337.5 million for the state's Medicaid system.

Why is the cigarette tax a poor tax? Because poor people smoke more than rich people. According to the Oral Cancer Foundation, 36.3 percent of adults with 9 to 11 years of education -- i.e., high school dropouts -- are smokers. Only 11.3 percent of adults with 16 years of education -- i.e., college graduates -- smoke cigarettes.

Among adults living below the poverty level, 32.3 percent smoke. Only 23.5 percent of those living above the poverty level are smokers. When you're poor, vices are the only luxuries you can afford.

There's an assumption that higher cigarette taxes will force smokers to quit, which shows how far out of touch legislators and bureaucrats are with the habits of broke people.

What it forces people to do is roll their own, since the tax on loose tobacco is lower than the tax on packaged smokes. Unfiltered hand-rolled cigarettes expose smokers to more tar than mass-produced cigarettes. According to a study by the Norwegian Cancer Registry, rolling your own is twice as likely to result in lung cancer as smoking a factory cigarette.

A New Zealand health study found that "comparatively high excise rates per gram of tobacco over many years have encouraged smokers to hand roll cigarettes thin and pay less tax. Thus excise increases have perversely encouraged cheaper smoking rather than quitting."

More proof that when the government proposes a new tax or a fee, such as a cigarette tax or camera enforcement of speed limits, it's never about public health. It's always about money. Also, it's easier to tax the poor than the rich, because the poor can't afford lobbyists.

Originally published here: <http://www.nbcchicago.com/blogs/ward-room/A-Cigarette-Tax-Is-Another-Poor-Tax-148520385.html>

## **BIG TOBACCO SPENDS BIG ON ADS AGAINST TOBACCO TAX**

By Dorian Hargrove

San Diego Reader (CA)

April 23, 2012

If you haven't yet seen a commercial featuring a doctor dressed in doctor's garb urging you to vote 'no' on Prop 29, a \$1.00 tax on cigarettes and other tobacco products, then you will. If you watch any amount of television, you will.

The group Californians Against Out of Control Spending/Taxing has spent nearly \$900,000 on tv ads on local stations; KUSI, CBS, NBC, and the three major cable providers; Cox, DirecTV, and AT&T.

"I'm against smoking," the woman says inside a doctor's examination room. "So, I thought Prop 29 was a good idea. It raises \$735 million dollars in tobacco taxes but not one penny goes to new funding for cancer treatment. Instead, it creates a huge new research bureaucracy with no accountability, run by political appointees who can spend our tax dollars in other states."

The group is funded by tobacco giants Phillip Morris, RJ Reynolds, and affiliated companies Santa Fe Natural Tobacco Company, and the American Snuff Company. According to campaign finance records available on the California Secretary of State website, the group raised \$12,088,658.65 in contributions from January 1 to March 17. So far, it has spent \$7,945,264 with \$4,531,467 in the bank.

The vast majority of commercials are set to run later this month and will run until early-June. And apparently, the group is banking on an anti-tax message, targeting adults 35 years of age and older. The ads will run during the NBA playoffs, NASCAR events, on FX, USA, CNN, Bravo, and during Lakers and Clippers games.

*Originally published here: <http://www.sandiegoreader.com/weblogs/news-ticker/2012/apr/23/big-tobacco-spends-big-on-ads-against-tobacco-tax/>*

## **OPPOSITION TO PROP 29 HITS THE AIR IN CALIFORNIA**

Convenience Store News (CSN)

April 23, 2012

Opponents to California's Proposition 29 have hit the airwaves to bring their message to the voters.

On June 5, California voters will go to the polls to vote on Proposition 29, a new measure that would impose an additional \$1-per-pack tax on cigarettes and an equivalent tax increase on other tobacco products that would generate between \$700 and \$800 million annually. However, the No on 29 committee -- a coalition of more than 3,200 groups and individuals -- hopes voters will give the proposal a collective thumbs down.

The first ads hit cable stations and radio stations today; the ads will expand to broadcast stations next week, according to the coalition. This ad, and subsequent paid media voter contacts, are driven by extensive voter research, explained the coalition, adding members expect proponent response in the press and attempts to restrict this voter contact, which is a tactic often used in California initiatives.

In anticipation of the Prop 29 proponents' response, the coalition has prepared communications to all the TV and radio stations, as well as various press outlets.

No on 29 has received a lot of press lately and the coalition's name has moved up the ranks in Google's primary used search terms.

Supporters say the money raised by this new tax would go into a special fund to finance research on detecting, preventing, treating and curing cancer, heart disease, emphysema and other diseases. The proposition also creates a nine-member board that will decide how to spend the money.

However, as Convenience Store News magazine's editor-in-chief Don Longo opined in the April issue, Prop 29 is flawed. It grows government in a state that already faces a \$10-billion deficit; it puts millions of taxpayer money in the hands of unaccountable bureaucratic appointees; and it circumvents a requirement of the state constitution that 40 percent of all new tax revenue go to schools. In addition, this slush fund isn't even required to be spent in California, Longo stated in an editorial.

In addition, Prop 29 will be a major blow to the profitability of convenience stores in the state, he wrote.

As pointed out by Robinson Oil CEO Tom Robinson, whose Rotten Robbie c-store chain is based in Santa Clara, Calif.: "Anytime you raise the price of any product, you tend to encourage more black market sales and that really hurts both legitimate retailers and the state, which can't collect taxes on illegal sales."

*Originally published here: <http://www.csnews.com/top-story-opposition-to-prop-29-hits-the-air-in-california-60929.html>*