



## DAILY NEWS CLIPS

May 31, 2012

### **CLOSE TAX LOOPHOLE FOR RYO CIGARETTES**

Letter to the Editor by Dennis Cook, Chairman, Illinois Young Republicans  
The Madison Record (IL)  
May 30, 2012

I am writing to alert your readers to yet another tax loophole our government allows enabling retailers to install Roll Your Own (RYO) cigarette manufacturing machines and then claim that no one is the manufacturer of the cigarettes in order to bypass federal and state laws.

As chairman of the Illinois Young Republicans, we are for free market economic policies. But without H.R. 4134, this tax code loophole is creating economic distortions in the marketplace, not to mention undermining important laws such as fire safety standards for cigarettes.

RYO cigarette manufacturing machines make packs of cigarettes within minutes. Consumers leave a store with cartons of cigarettes, no different than if they went in to purchase a regular carton of cigarettes, yet don't have to pay the \$1 per pack FET passed by Congress in 2009, will not have to pay the newly passed state excise tax increase on cigarettes, payments agreed upon under the state settlement agreements or the proper sales taxes on the higher sales price if excise taxes had been included.

By allowing the retailers to sell the cigarettes without the proper labeling and at unfairly low prices, it creates a business model that threatens the livelihoods of traditional retailers and drains state tax revenues leading to a bigger budget deficit for the State of Illinois.

In addition, these RYO cigarettes do not comply with state fire standards for cigarettes, do not display the Congressionally mandated Surgeon General warning labels and do not meet other FDA regulatory criteria for cigarettes.

I urge your readers to contact their Congressional leaders and ask them to vote for H.R. 4134 to close the tax loophole and uphold safety regulations.

Originally published here: <http://www.madisonrecord.com/arguments/244340-close-tax-loophole-for-ryo-cigarettes>

## **PATCH FLASH: SMOKERS TO PAY DOUBLE TAXES FOR CIGARETTES IN ILLINOIS**

By Claudia Lenart  
Libertyville Patch (IL)  
May 30, 2012

*Chicagoland news to talk about: Illinois to cut \$1.6 billion from Medicaid program.*

The Illinois Senate voted 31-27 Tuesday in favor of raising the state tax on cigarettes by \$1, from 98 cents to \$1.98 per pack. The House approved the bill Friday, which now heads to the desk of Gov. Pat Quinn, who's been a vocal supporter of the tax hike since the earliest drafts of this year's state budget.

Illinois legislators have approved \$1.6 billion in budget cuts to the state's Medicaid program, which will reduce health coverage for hundreds of thousands of poor Illinois residents. The budget adjustments were passed by a 94-22 vote in the House, and the Senate approved it 44-13 Thursday evening. The plan will raise prescription drug costs for 180,000 low-income seniors by eliminating the state-paid pharmacy assistance program, Illinois Cares Rx, freeing up \$72.2 million. Another almost \$399.8 million will be saved by making Medicaid and Family Care requirements stricter, rendering hundreds of thousands of Illinoisans ineligible for supplemented care.

The Illinois State Senate Tuesday by one vote turned back a bill requiring schools to adopt more detailed policies to prevent bullying. Thirty votes were required for passage in the Senate; the measure could come up again during the current session. HB 5290 would have required schools to include a definition of bullying and a statement saying it was against the law.

Sen. Mark Kirk (R-III.)'s ex-wife Kimberly Vertolli has filed a complaint with the Federal Election Commission alleging that the senator may have illegally hidden campaign payments to a consultant, his then-live-in girlfriend. The FEC could yet decide to either dismiss the complaint or begin an investigation into the matter. Kirk, 52, is still recovering from a serious stroke he suffered in January.

*Originally published here:* <http://libertyville.patch.com/articles/patch-flash-smokers-to-pay-double-taxes-for-cigarettes-in-illinois>

## **ILLINOIS TOBACCO TAX INCREASE DELIVERS VICTORY FOR KIDS AND TAXPAYERS**

Press Release by Matthew L. Myers, President, Campaign for Tobacco-Free Kids  
Market Watch, Wall Street Journal  
May 30, 2012

The Illinois General Assembly has taken decisive action to protect the state's kids and taxpayers from the devastating toll of tobacco use by increasing the state cigarette tax by \$1 to \$1.98 per pack. The state is also doubling the tax on other tobacco products. Together, these actions will prevent kids from smoking and using other tobacco products, motivate smokers to quit, and save lives and health care dollars. We applaud Governor Pat Quinn for his leadership in proposing the tobacco tax increase as part of a Medicaid funding plan and the General Assembly for acting quickly to approve it.

Higher tobacco taxes are a win-win-win solution for Illinois - a health win that will reduce tobacco use and save lives, a financial win that will provide much-needed funding for Medicaid and a political win that polls show is

popular with the voters. Polling has found that more than 70 percent of Illinois voters support increasing the cigarette tax by \$1.

The evidence is clear that increasing the cigarette tax is one of the most effective ways to reduce smoking, especially among kids. Studies show that every 10 percent increase in the price of cigarettes reduces youth smoking by about 6.5 percent and overall cigarette consumption by about 4 percent. Illinois can expect the \$1 cigarette tax increase to prevent 72,700 Illinois kids from becoming smokers; spur 53,400 current adult smokers to quit; save more than 38,600 Illinois residents from smoking-caused deaths; and save \$2.4 billion in future health care costs. It will also raise about \$350 million a year in new revenue.

In Illinois, tobacco annually claims 16,600 lives and costs the state \$4.1 billion in health care bills. While Illinois has made progress in reducing smoking, 18.1 percent of Illinois high school students still smoke, and 68,400 kids try cigarettes for the first time each year.

With Illinois's increase, the average state cigarette tax will be \$1.49 per pack. Illinois is the first state to increase its cigarette tax this year. We call on states across the nation to follow Illinois's lead in significantly increasing the tobacco tax to reduce tobacco use and its devastating health and financial toll.

*Originally published here:* <http://www.marketwatch.com/story/illinois-tobacco-tax-increase-delivers-victory-for-kids-and-taxpayers-2012-05-30>

## **KING COUNTY JUDGE RULES 2/3RDS MAJORITY INITIATIVE VIOLATES STATE CONSTITUTION**

By Peter Calligan  
The Olympian (WA)  
May 30, 2012

In a ruling this morning that is certain to lead to a Supreme Court review, King County Superior Court Judge Bruce Heller found that tax increases including the closure of loopholes need only a simple majority.

That ruling, the result of a lawsuit brought by Democratic legislator, the League of Education Voters, the Washington Education Associations and others identified as individual taxpayers, finds that the initiative that created the two-thirds majority is unconstitutional.

Heller first decided that the case is properly brought before the court, that the plaintiffs have standing. That itself is significant because previous challenges to the two-thirds majority were found to be premature. Three previous times the top court has been asked to decide whether an initiative can create a two-thirds majority requirement for tax increases. Three times the court has found a way not to rule on whether the state constitution's requirement for a simple majority trumps any statute or initiative.

Heller then granted summary judgment against Tim Eyman's Initiative 1053, agreeing that the constitution's Art. II, section 22 says that a simple majority is needed to pass. In addition, Heller found unconstitutional the initiative's requirement that tax increases that don't attract a supermajority go to voters as a referendum.

"Plaintiffs Motion for Summary Judgment is GRANTED," Heller's order says. "Plaintiffs present a Justiciable controversy and have standing to bring this action. RCE 43.135.034(1)'s supermajority vote requirement violates the simple majority provision of Article II, Sec 22 of the Washington Constitution, rendering that provision of the statute unconstitutional.

"Further, RCS 43.135,034(2)(a)'s mandatory referendum requirement violates Article II, sec. 1 and Article II sec. 1(b) of the Washington Constitution, rendering that provision of the statute unconstitutional."

Both sides point to the constitution's simple majority language. But plaintiffs argue that it is a ceiling that can't be made higher without amending the constitution. Backers of the initiative argue that the simple majority is a floor that can be raised by statute or initiative.

Voters have approved the supermajority requirement for taxes four times beginning in 1993 and might have another opportunity this fall. Eyman is gathering signatures on Initiative 1185.

*Originally published here:* <http://www.theolympian.com/2012/05/30/2122746/king-county-judge-rules-23rds.html#storylink=cpy>

## **FIELD POLL FINDS SLIPPING SUPPORT FOR CALIFORNIA TOBACCO TAX MEASURE**

By David Siders

The Sacramento Bee (CA)

May 31, 2012

California voters still favor a ballot measure to raise the state's tobacco tax, but the margin is slipping, suggesting a potentially close finish in the election Tuesday.

The measure, once supported by a wide majority of Californians, now leads by only eight percentage points among likely voters, 50 percent to 42 percent, according to a Field Poll released today.

The race's tightening follows a flood of advertising by tobacco companies against the tax.

"It's on a downward trajectory," poll director Mark DiCamillo said. "The question is how steep is the slope downward. I suspect it will get closer than eight points."

Meanwhile, voters appear poised to approve changes to the state's 22-year-old term limits law. Proposition 28, leading 50 percent to 28 percent among likely voters, would let state lawmakers serve 12 years in either the Assembly or Senate, or divided between the two.

Lawmakers are currently restricted to eight years in the Senate and six in the Assembly.

The tobacco tax initiative, Proposition 29, would impose an additional tax of \$1 per pack on cigarettes, mostly to fund cancer research. The measure, supported by Democrats and health groups and opposed by Republicans and anti-tax organizations, would raise an estimated \$735 million in its first full year.

Tobacco companies R.J. Reynolds and Philip Morris have contributed more than \$38 million to the campaign against the measure. The effect of their ads in recent weeks was cited by DiCamillo as one likely reason voters waiting until Tuesday to cast their ballots are less likely to support the tax than those who previously voted by mail or were planning to.

Among precinct voters, the measure was leading by just five percentage points, 48 percent to 43 percent, according to the poll. The margin of support was 10 percentage points among people voting by mail.

"It's an initiative in flux," DiCamillo said. "It's hard to say with any certainty which side will win, but in our poll it was still ahead."

Democrats and independent voters favor the tax by nearly 2-1 margins, while 58 percent of Republicans oppose it.

The No on 29 campaign appears to resonate specifically with fiscal conservatives who oppose tax increases and, more broadly, with an electorate distrustful of Sacramento.

"No matter how much money you give these politicians, they're just going to waste it, and I'm tired of giving them any more," said Betty Delforge, a 76-year-old Republican from Live Oak. "I don't smoke, I don't have any axes to grind, I just don't feel like giving them any more."

Jim Newman, a retired parks superintendent for the city of Davis, said he is sometimes skeptical of Sacramento politicians, too. But he supports the measure because he thinks it will discourage smoking and improve Californians' health.

"Sometimes issues are more important," the 60-year-old Democrat said, "and I think in this particular case ... that some good will come of it."

People who smoke are highly opposed to the proposition, 75 percent to 17 percent, according to the poll. Former smokers are about evenly divided, while people who have never smoked support the initiative 55 percent to 36 percent, according to the poll.

Voters age 65 or older oppose the initiative 51 percent to 42 percent, according to the poll, which estimates that the older age group will compose more than one-third of the primary electorate.

California's most recent voter-approved tobacco tax increase, in 1998, passed by a narrow margin, 51 percent to 49 percent. A Field Poll conducted a week before that election found a similarly diminishing, nine-point margin of support for the measure.

Californians have since defeated attempts to raise tobacco taxes. In 2006, voters rejected a \$2.60-per-pack cigarette tax that had held a wide lead in early polls.

Gilbert Alarcon, a 59-year-old Democrat from San Pedro, said he will vote against this year's tobacco tax proposal because he is convinced "a lot of the money is to be spent outside the state."

The No on 29 campaign had suggested as much, and Alarcon said he heard the ads on the radio.

"I listen to them," he said. "Trust them? No. I make up my own mind."

The term limits proposition on Tuesday's ballot, Proposition 28, is favored by a wide majority, 50 percent to 28 percent, according to the poll. The measure is supported by pluralities of Democrats, Republicans and independent voters.

If approved, it would revise a term limits law that voters adopted in 1990.

"It's just comfortably ahead," DiCamillo said. "I see no reason why this will not pass."

Originally published here: <http://www.sacbee.com/2012/05/31/4527326/field-poll-finds-slipping-support.html#storylink=cpy>

## **PHILIP MORRIS 'LIGHT' CIGARETTE CLASS ACTION THROWN OUT**

By Bob Van Voris  
Bloomberg  
May 30, 2012

A class action against Altria Group Inc. (MO)'s Philip Morris over "light" cigarettes was thrown out on appeal by the Minnesota Supreme Court, which said the claims in the lawsuit were barred by a 1998 settlement.

The court ruled today that the settlement, in a separate case filed by the state's attorney general in 1994, barred claims by smokers under Minnesota's consumer protection law. The dismissed suit was filed in 2001 by Gregory Curtis on behalf of all smokers who had bought Philip Morris's Marlboro Lights in Minnesota since 1971.

"We conclude that the 1998 settlement agreement entered into by the state AG and Philip Morris expressly released and barred respondents' consumer protection claims," Justice Christopher Dietzen wrote in an opinion today.

Curtis claimed Philip Morris misled consumers into believing that "light" cigarettes were less harmful than regular cigarettes. Altria, based in Richmond, Virginia, is the biggest U.S. cigarette maker.

The case is Curtis v. Altria Group Inc., A10-215, Minnesota Supreme Court (St. Paul).

Originally published here: <http://www.bloomberg.com/news/2012-05-30/philip-morris-light-cigarette-class-action-rejected-on-appeal.html>