

FINAL BILL REPORT

ESB 5897

C 193 L 99

Synopsis as Enacted

Brief Description: Informing purchasers of cigarettes of adverse health consequences and whether the cigarettes were manufactured for consumption within the United States.

Sponsors: Senators Costa, Winsley, Thibaudeau and Oke; by request of Attorney General.

Senate Committee on Commerce, Trade, Housing & Financial Institutions

House Committee on Commerce & Labor

Background: The smuggling of cigarettes, both internationally and between states, is stimulated in part by differences in tax rates. As state tax rates have risen uniformly across the United States, tobacco products manufactured abroad are being smuggled into the U.S.

The major U.S. cigarette manufacturers produce products for export that carry a significantly lower price tag than those for sale in this country. This disparity has made it profitable to re-import cigarettes manufactured for export, pay all the duties and taxes, and still sell them here cheaper than products made for domestic use.

Cigarettes manufactured in the U.S. for export have different nicotine levels and additives than those manufactured for the domestic market. However, consumers may think they are getting the same product for less. To the extent consumers shift to gray market—cigarettes, the state may receive lesser payments under the comprehensive tobacco settlement, which is to some extent affected by sales volumes of domestic cigarettes.

Federal law which takes effect January 1, 2000, will ban the re-import of tobacco products manufactured for export. An effective state law would help deal with this problem until the federal law takes effect and to enforce the federal ban at the state level.

Summary: It is a violation of the act to possess, sell, or transport tobacco products which do not meet all the requirements of the federal cigarette labeling law. Labels on packages that identify them for export may not be altered or deleted.

Containers or packages of cigarettes that have stamps affixed illegally are subject to seizure and forfeiture and will be destroyed.

Violation of the act is a gross misdemeanor and is a deceptive act or practice under the Consumer Protection Act.

Votes on Final Passage:

Senate	45	0	
House	90	0	(House amended)
Senate	46	0	(Senate concurred)

Effective: May 5, 1999