

SENATE BILL REPORT

SB 6305

As of February 3, 2012

Title: An act relating to persons who operate a roll your own cigarette machine at retail establishments.

Brief Description: Providing for the operation of roll your own cigarette machines at retail establishments.

Sponsors: Senators Rolfes, Becker, Kohl-Welles, Parlette, Keiser and Hobbs.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/23/12.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Stephanie Christensen (786-7405)

Background: Commercial Roll-Your-Own (RYO) cigarette machines have been installed at retail establishments throughout Washington. In general, a customer pays the store clerk for 200 cigarettes, the equivalent of a carton. In return, the customer is provided with loose tobacco and cigarette tubes. The customer inputs the loose tobacco and cigarette tubes into the cigarette-making machine, and the machine outputs cigarettes into a bin or plastic bag. The retailer may lease the machine, or may own it outright.

The term tobacco product manufacturer is defined as an entity that manufactures cigarettes anywhere that such manufacturer intends to be sold in the United States. A cigarette is manufactured when tobacco is formed into a roll and wrapped in paper or other material.

Tobacco-product manufacturers in Washington are required to:

- File a Certificate of Enrollment with the Washington State Attorney General's Office.
- Submit a written certification to the state director of fire protection attesting that each cigarette brand sold by them is in compliance with all testing requirements and performance standards set forth by RCW 19.305.
- Become a participating manufacturer or a nonparticipating manufacturer. A participating manufacturer must make the required state tobacco settlement payments under the Master Settlement Agreement. A non-participating manufacturer must pay the required amounts into a qualified escrow fund.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Federal excise taxes are imposed on tobacco products manufactured in the United States. The manufacturer is liable for such tax.

Summary of Bill: Every person who operates or maintains a RYO cigarette machine at a retail establishment is a manufacturer of cigarettes, because the resulting product is a cigarette.

Appropriation: None.

Fiscal Note: Requested on January 21, 2012.
[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: There is an unlevel playing field in the cigarette industry because the RYO business is unregulated. This product is able to slip through a loophole and not comply with fire safety laws or our tax code.

CON: The effect of this bill is to put RYO establishments out of business. RYO machines are serving a demographic already in place, and not creating new smokers.

OTHER: The language of the bill is ambiguous as to who it applies to and what taxes would be paid. RYO machines should not be allowed at all. If they are allowed, they should be regulated.

Persons Testifying: PRO: Senator Rolfes, prime sponsor; Dylan Doty, WA Fire Chiefs; Ron Tully, National Tobacco Co.; Mark Johnson, WA Retail Assn.; T.K. Bentler, WA Assn. of Neighborhood Stores.

CON: Joseph Baba, Toni Haddanuff, RYO Northwest; Red Pounds Sr., Tobacco Alley I & II; Ron Main.

OTHER: Mary Selecky, Dept. of Health; Drew Shirk, Dept. of Revenue; Yoshe Revelle.