

Honorable, John Kelly  
350 E Camino Real  
Tustin, CA 92780

October 25, 2013

Congresswoman Judy Chu  
1520 Longworth HOB  
Washington, DC 20515

Dear Congresswoman Chu:

On July 9, 2013 the California Board of Equalization sent your office a request to revise the disgraced Anthony Weiner's sponsored "Pact Act" of 2010, a copy of which is enclosed.

The Preamble of the PACT ACT states that among the purposes of the Act are "to prevent tobacco smuggling, to ensure the collection of all tobacco taxes" Unfortunately on page two of the PACT ACT an exception is made for cigars which as you must know can cause serious medical problems along with cigarettes and chewing tobacco.

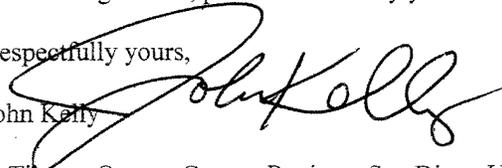
This exception permits the European cigar giant, Altadis USA to sell cigars in vast quantities by way of mail order without compliance with local and state excise, sales and other taxes. One of the purposes of these taxes is to cut down tobacco use and provide needed revenue to counter the ill effects of all kinds of tobacco. These purposes are not achieved by encouraging higher consumption because of the 50% or lower prices of internet cigars while not one nickel is going to California or the other 49 states which as you well know need the revenue.

I emphasize this last point because you were a member of the California State Board of Equalization and know first hand from years of experience on the Board the extensive tax revenue losses from untaxed and unreported sales.

As an influential and respected member of Congress you can take the initiative to get rid of the exemption for internet sales of cigars. Why should the affluent who can afford to buy boxes of 25 or more cigars be able to purchase these cigars over the internet and not pay the excise and sales taxes that customers must pay at retail stores in California?. We need a level playing field for all smokers, rich and poor alike If you will not sponsor this legislation, please tell me why you voted for it.

Respectfully yours,

John Kelly



Cc: L. A. Times, Orange County Register, San Diego Union, Wall St Journal

STATE BOARD OF EQUALIZATION



Appeal Name: John Kelly

Case ID: \_\_\_\_\_ ITEM #: \_\_\_\_\_

Date: 2/25/14 Exhibit No: 2.4

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