July 3, 2013

SENT VIA EMAIL

Mr. John Kelly

Dear Mr. Kelly:

As a follow up to our conversation of July 3, 2013, attached is a copy of a letter from the State Board of Equalization to the California Congressional Delegation regarding the Prevent All Cigarettes Trafficking (PACT) Act.

If you have any questions, you may contact me via email at Richard.Parrott@boe.ca.gov, or by phone at (916) 552-8637.

Sincerely,

Richard Parrott
Compliance Branch Manager
Special Taxes Policy & Compliance Division

KellyCoverLetter.docx
July 1, 2013

Member, California Congressional Delegation
See Attached List

Dear Congress Member:

I write to inform you that on March 13, 2013, the members of the State Board of Equalization (BOE) voted to support Federation of Tax Administrators (FTA) Resolution 2013-7, Approving Actions of the Tobacco Tax Section (Resolution). The Resolution supports all legislative efforts to amend and/or expand the federal Prevent All Cigarette Trafficking Act (PACT Act) to include cigars and pipe tobacco. The Tobacco Tax Section’s state representatives unanimously adopted the resolution at their August 2012 meeting and the FTA subsequently supported it at the national meeting in June 2013.

The legislative efforts set forth in the resolution are necessary to maximize compliance with cigarette and tobacco products tax laws. The Jenkins Act and the PACT Act are valuable federal laws that assist states in collecting taxes and tracking the flow of cigarettes and tobacco products. However, these laws continue to exclude an entire segment of the industry, creating a regulatory gap with regard to cigars and pipe tobacco. Because the PACT Act excludes these products, states have no authority to compel compliance or obtain information related to cigar and pipe tobacco sales from out-of-state sellers. The PACT Act’s omission of cigars and pipe tobacco also places in-state cigar and pipe tobacco sellers at a competitive disadvantage, as they must include state excise and sales tax in product pricing.

We respectfully request that you consider legislation to incorporate cigars and pipe tobacco into the PACT Act or an equivalent measure.

Respectfully Submitted,

Cynthia Bridges
Executive Director

CB: djk

cc: Honorable Jerome E. Horton, Chairman
    Honorable Michelle Steel, Vice Chair
    Honorable Betty T. Yee, First District
    Senator George Runner (Ret.), Second District
    Honorable John Chiang, State Controller
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