



WV News

State Revenues Up for February; Still Down for Entire Fiscal Year

State tax collections in West Virginia finished February with a total of \$9 million above estimates.

It was the second month in a row for better than expected revenue collections, but state officials said that's largely due to a technicality since some insurance premium tax money came in earlier than expected.

Overall, revenue collections are \$64 million below estimates for the year with just four months remaining until the fiscal year ends at the close of June.

"We hope that things will improve in the next few months (so) that we won't have a whole lot more red ink," said Mark Muchow, state Deputy Revenue Secretary.

He said personal income tax collections for February were about \$6 million above estimates, canceling out down personal income tax numbers in January.

At the same time, sales tax collections came in \$2.3 million below estimates. Muchow said those numbers could rebound in the spring since snow has forced many people to stay home.

"It appears that the winter weather has had a negative impact throughout the mid-Atlantic region in terms of sales tax collections for February," he said.

Severance tax collections also missed estimates by \$5.2 million in February and are, thus far, off the mark \$7.3 million total for the year. Muchow said those collections have been on the decline for some time, falling 14% since 2012.

"Two years ago was our peak year for severance tax. We've had a little bit of a downward trend," Muchow said. "Since then, most of the downward action is associated with the coal industry's performance."

He said there are some unknowns between now and the end of the 2013-2014 Fiscal Year, including the tax credit that can still be claimed for purchases of vehicles running on alternative fuels.

From the Director



I don't know if I have ever looked more forward to Spring than I do this year! One thing's for sure, we have had a winter to remember in West Virginia. We started off the year with bad weather and a chemical spill which affected 9 counties. We capped it all off with a very busy Legislative Session!

The Legislature concluded their business at the stroke of midnight on Saturday, March 8, 2014, bringing an end to the regular 60-Day Session.

The WVWA team worked harder this session than ever before. The Unfair Trade Practices Act (which includes minimum mark-up on cigarettes) was debated in numerous committees and on the floor of the Senate on several occasions. In the end, we feel like

we protected our industry and in the process gained new supporters through our testimony and educational efforts.

The Legislature did not pass any legislation to increase the current tobacco tax. Throughout the session, there was quite a bit of discussion about raising the tax, so we consider this to be a great win for our industry this year!

I hope that you have made plans to attend the 2014 Mid-Atlantic Conference, which will be held May 21st & 22nd at The Greenbrier Resort. Once again, MALC Chairman Rob Sincavich has put together a great event! If you have not signed up, please visit the WVWA web site and download the forms for this event. Also, if you have not made your room reservation at The Greenbrier, please call 855.859.2294 as soon as possible. The cut-off date to make reservations is April 21st. If you have any questions regarding this event, please call the Association Office at 304.205.5496.

See you at The Greenbrier!

Jan

American Tort Reform Association's Annual Report

West Virginia has once again scored near the bottom of the list as a "judicial hellhole" in the American Tort Reform Association's annual report. The good news -- if you can call it that -- is that there have been some "modest improvements even though West Virginia has taken the fourth spot behind New York City, Louisiana and California.

It's nothing new. This state has ranked among the bottom five since this annual report was initiated and even ranked in the top spot five years ago. Tiger Joyce, the association's president, said in a news release that "with a legislature dominated by personal injury lawyers, too many trial judges willing to expand liability from the bench, and no intermediate level appeals court, West Virginia has become a perennial judicial hellhole."

However, the West Virginia Association for Justice claims the report should be discredited because it is inaccurate. A news release from the association said a 2007 New York Times report claimed the judicial hellhole report wasn't a valid analysis. And the president, Bernie Layne, described the report as "baseless attacks that damage our national reputation and hamper efforts to attract new businesses to our state."

The report also notes the lack of an intermediate court in West Virginia. But justices of the West Virginia Supreme Court claim new rules of appellate procedure are working -- a position not shared by West Virginia Citizens Against Lawsuit Abuse. And the American Tort Reform Association notes that West Virginia is one of only two states without such a court.

Federal Update

A Year-End Review of Tobacco Legislation, Regulations

*Published in Tobacco E-News
Thomas A. Briant, Executive Director*

During 2013, state legislatures continued to pursue increases in cigarette and tobacco taxes, the Food & Drug Administration (FDA) moved forward on several regulatory matters and local governments dramatically increased the number and kind of local tobacco restrictions.

State Cigarette and Tobacco Taxes

This year, 35 state legislatures considered cigarette tax and tobacco tax bills. Of these, Arkansas enacted a 50-cent cap on the state's cigar tax; Kentucky lowered the tax on chewing tobacco to 19 cents per 1.5-ounce unit; Massachusetts raised its cigarette tax rate by \$1 per pack to a new rate of \$3.51, with the cigar and RYO tax increased to 40% and moist snuff and chewing tobacco raised to 210%. In Minnesota, the cigarette tax increased July 1 by \$1.60 per pack to a new rate of \$2.83 per pack and the tax on other tobacco products rose to 95%. Texas enacted a new tax of 55 cents per pack on non-settlement cigarettes.

The other states which considered, but did not pass, bills to raise taxes on cigarettes or other tobacco products included Alabama, California, Colorado, Connecticut, Delaware, Florida, Hawaii, Louisiana, Maine, Maryland, Michigan, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Vermont, West Virginia and Wyoming.

E-Cigarette Taxation

Minnesota is currently the only state that assesses an excise tax on electronic cigarettes. As of July 1st, e-cigarettes sold in Minnesota are now taxed at a rate of 95% of the wholesale cost. Five other states considered bills this year that would tax e-cigarettes, but none of these bills were enacted. A bill in Hawaii would have applied the state's cigarette tax rate to e-cigarettes. In Massachusetts, a bill is still pending that would tax e-cigarettes at a rate of 90% of the wholesale cost. Bills were also introduced in Oklahoma and South Carolina that would establish a different method of taxation for e-cigarettes. Rather than classifying e-cigarettes as a tobacco product, the bills define e-cigarettes as a vapor product and apply a tax of five cents per nicotine cartridge, with a limit on the tax per cartridge being no greater than one-tenth of the tax on traditional cigarettes. Finally, Utah had a bill to tax e-cigarettes as a tobacco product tax and would have applied an 86% tax to e-cigarettes.

FDA Regulatory Action

While the FDA did not propose or adopt any new specific tobacco regulations this year, the agency did take other action on tobacco-related issues. One major action was the request by the FDA for public comments on the use of menthol in cigarettes. More than 174,000 public comments on menthol cigarettes were submitted to the FDA online using the www.regulations.gov website and estimated 40,000 to 50,000 comments were mailed to the FDA. The FDA is now in the process of reviewing all of the comments. The Family Smoking Prevention and Tobacco Control Act does not require the FDA to propose any additional regulations on the use of menthol in cigarettes, but the agency did seek the public's comment on whether additional regulations should be considered. There is no timeline for the FDA to complete its review of the menthol comments.

In addition, the FDA announced several times during 2013 that proposed regulations on cigars, pipe tobacco, e-cigarettes or hookah tobacco would be released sometime this year. Just earlier this month, the FDA issued a Unified Agenda indicating that the agency planned to issue the new proposed regulations sometime this month. The FDA has completed its draft of proposed regulations likely applying to cigars, pipe tobacco, e-cigarettes and hookah tobacco. The regulations are currently under review by the White House Office of Management and Budget.

Local Tobacco Regulations

This year, NATO monitored and/or responded to more than 100 local tobacco-related restrictions. These restrictions included bans on the retail redemption of coupons, prohibitions on selling promotionally priced tobacco products (e.g., buy one, get one), outlawing the sale of flavored tobacco products, raising the legal age to purchase or use tobacco products, restrictions on the display and advertising of tobacco products, limitations on the number of retailers licensed in any particular city or town and various restrictions on the use and sale of e-cigarettes. In contrast, during 2012, NATO monitored and/or responded to some 50 local ordinances.

White House Delays Health Insurance Mandate for Medium-Sized Employers until 2016

For the second time in a year, the Obama administration is giving certain employers extra time before they must offer health insurance to almost all their full-time workers.

Under new rules announced Monday by Treasury Department officials, employers with 50 to 99 workers will be given until 2016 — two years longer than originally envisioned under the Affordable Care Act — before they risk a federal penalty for not complying.

Companies with 100 workers or more are getting a different kind of one-year grace period. Instead of being required in 2015 to offer coverage to 95 percent of full-time workers, these bigger employers can avoid a fine by offering insurance to 70 percent of them next year.

How the administration would define employer requirements has been one of the biggest remaining questions about the way the 2010 health-care law will work in practice — and has sparked considerable lobbying. By providing the dual phase-ins for employers of different sizes, administration officials have sought to lighten the burden on the small share of affected employers that have not offered insurance in the past.

As word of the delays spread Monday, many across the ideological spectrum viewed them as an effort by the White House to defuse another health-care controversy before the fall midterm elections. The new postponements won over part, but not all, of the business community. And they caught consumer advocates, usually reliable White House allies, by surprise, particularly because administration officials had already announced in July that the employer requirements would be postponed from this year until 2015.

Congressional Republicans seized on the announcement as the latest justification for scrapping the health-care law. In particular, they renewed their opposition to the law's requirement that most Americans have insurance, saying it is unfair to delay rules for businesses and not for individuals.

Originally, the employer mandate — which affects companies employing 72 percent of all Americans — was to have gone into effect Jan. 1, at the same time the law began requiring most Americans to have health insurance.

Menu Labeling Pushed Until End of Year

Americans will wait a little longer to find out how many calories are in menu items at chain restaurants with more than 20 U.S. locations, the National Review reports. The U.S. Food and Drug Administration missed its February deadline for issuing final rules on menu-labeling requirements.

The agency had indicated it would finalize those guidelines early this year, but instead has yet to finish the requirements. "We are currently reviewing comments submitted in response to the proposed rules and hope to issue final regulations by the end of the year," said Theresa Eisenman, FDA spokeswoman.

The menu label requirement has come under attack from food retailers and others because of onerous rules and lack of clarity as to which type of establishment the guidelines would effect. In a 2013 interview, FDA Commissioner Margaret Hamburg indicated that crafting the rules had become very complicated. "There are very, very strong opinions and powerful voices both on the consumer and public health side and on the industry side, and we have worked very hard to sort of figure out what really makes sense and also what is implementable," she said.

Proposed rules posted in April 2011 garnered more than 900 comments, which has met with supermarkets, small foodservice establishments and food chains to hear their concerns and suggestions. But three years has passed with the agency still not ready to submit final rules.

Obama 2015 Budget Repeats Proposal for Federal Cigarette and OTP Tax Rate Increases

Recently, President Obama released his proposed Fiscal Year 2015 federal budget that includes a \$.94 per pack increase in the federal cigarette tax rate and a proportionate 93% increase in all other tobacco tax rates. Each of these tax rates would be annually adjusted upward by an inflation index. The additional cigarette and OTP tax revenue would fund pre-school education programs for four years olds in low income families.

This is essentially the same proposal that the President included in his Fiscal Year 2014 budget, which Congress did not pass. The President's budget has been delivered to Congress for consideration by the U.S. House of Representatives and the U.S. Senate.

Under the 2015 budget proposal, the new tax rates for cigarettes and tobacco products would be as follows:

- Cigarettes and Little Cigars: \$1.95 per pack
- Chewing Tobacco: 97.13 cents per pound
- Moist Snuff: \$2.91 per pound
- Roll Your Own Tobacco: \$47.82 per pound
- Pipe Tobacco: \$5.464 per pound

According to the White House Office of Management and Budget (OMB), the proposed cigarette and tobacco tax increases are estimated to raise \$78 billion over the ten year time period from 2014 through 2024. The budget estimate indicates that the cost of expanding pre-school education to four year olds from low income families would be \$76 billion over this same ten year time period.

However, the ten year budget projection issued by the OMB shows that the additional revenue raised by these higher cigarette and tobacco tax rates declines from a high of \$10 billion extra dollars in Fiscal Year 2016 to \$7 billion extra revenue in Fiscal Year 2024 while the cost of the pre-school education program increases from \$4 billion in Fiscal Year 2016 to \$11 billion in Fiscal Year 2024. In other words, after the first ten years, the cost of the program exceeds the additional cigarette and tobacco tax revenue to support the program.

U.S. Senators Call for E-Cigarettes Advertising Ban

Recently, U.S. Senator Tom Harkin (D-IA), chairman of the Senate Health, Education, Labor, and Pensions (HELP) Committee, joined Senators Barbara Boxer (D-CA), Dick Durbin (D-IL), Richard Blumenthal (D-CT) and Edward J. Markey (D-MA) in introducing the Protecting Children from Electronic Cigarette Advertising Act, a bill that seeks to prohibit the marketing of e-cigarettes to children and teens.

"When it comes to the marketing of e-cigarettes to children and teens, it's 'Joe Camel' all over again," said Harkin in a press release. "It is troubling that manufacturers of e-cigarettes — some of whom also make traditional cigarettes — are attempting to establish a new generation of nicotine addicts through aggressive marketing that often uses cartoons and sponsorship of music festivals and sporting events. This bill will take strong action to prohibit the advertising of e-cigarettes directed at young people and ensure that the FTC can take action against those who violate the law. While FDA regulation of these products remains critical, this legislation would complement oversight and regulation by the FDA, and ultimately help prevent e-cigarette manufacturers from targeting our children."

"Tobacco companies advertising e-cigarettes — with flavors like bubblegum and strawberry — are clearly targeting young people with the intent of creating a new generation of smokers, and those that argue otherwise are being callously disingenuous," Blumenthal said.

"We've made great strides educating young people about the dangers of smoking, and we cannot allow e-cigarettes to snuff out the progress we've made preventing nicotine addiction and its deadly consequences," said Markey.

The senators noted in a press release that e-cigarettes are not subject to federal laws and regulations that apply to traditional cigarettes, including a ban on marketing to youth. The Protecting Children from Electronic Cigarette Advertising Act would permit the Federal Trade Commission (FTC) to determine what constitutes marketing e-cigarettes to children, and would allow the FTC to work with states attorneys general to enforce the ban.

In December, Senators Harkin, Durbin, Boxer, Blumenthal, Markey and Sherrod Brown (D-OH) sent a letter urging the FTC to investigate the marketing practices of e-cigarette manufacturers.

A Former Surgeon General Lends His Support to E-Cigarettes

Richard Carmona, who crusaded against tobacco as U. S. surgeon general during the second Bush presidency, put himself at the center of a public health debate when he joined the board of e-cigarette maker NJOY based in Scottsdale, AZ, last March. These battery-powered devices look like cigarettes but don't use tobacco. Instead, they release a nicotine vapor that can satisfy an addict's cravings without producing tobacco-derived poisons. Unregulated by the Food and Drug Administration, e-cigarettes are gaining in popularity; sales of all brands now top \$1.7 billion in the United States. While some experts see no evidence of a major new health risk and a potential for doing some good, others fear that e-cigarettes will undermine a hard-fought public health campaign to bring smoking under control.

Fifty years ago, the U. S. Office of the Surgeon General issued its semiannual report indicating cigarette smoking as a cause of cancer. At the time, more than 40% of adults and those of high school age in the United States were smokers. Since then, the number has dropped to about 20% of that population. Whether e-cigarettes will help some smokers quit or provide a gateway for new tobacco users is the main unanswered question.

Described by colleagues as affable and quick-witted, Carmona was responsible for the surgeon general's 2006 report on secondhand smoke and helped push for indoor smoking bans in restaurants and bars. In an interview with *Science*, Carmona insisted that he and NJOY share a mission to make tobacco obsolete, and that e-cigarettes could help reduce harm from smoking. The interview has been edited for clarity and brevity:

Q: As a doctor and former surgeon general, why did you join the board of an electronic cigarette manufacturer?

A: At first, I immediately rejected their offer. But with some due diligence I came to see that they were willing to do the necessary science and that we could be allies in the anti-tobacco movement. That said, I offered to join only under certain conditions: that they request FDA regulation - that they conduct and publish their own research in peer-reviewed journals, even if the findings hurt the bottom line; that they don't use my name or refer to the surgeon general in their advertising campaigns; and that they don't market to kids. So far, they've delivered on all those promises.

- Q. E-cigarettes are touted as a way to stop tobacco smoking. But would you advocate that people who do that successfully then also try to wean themselves off e-cigarettes?
- A. Yes, but the urgency isn't as great because people who use them aren't inhaling large amounts of carcinogens and cardiovascular disease-causing agents.
- Q. How can you be sure they're safe?
- A. As research priorities, we're asking about cons from long-term nicotine use, and we're examining the different components in side-stream vapor to make sure they're not unsafe. So far, we don't see any problems. And we're also looking into long-term efficacy: How many people who use e-cigarettes quit and for how long? We just have to craft the right questions and then report back to the office.
- Q. Won't e-cigarettes just lead to more people getting hooked on nicotine?
- A. That same question came up decades ago when nicotine gum, patches, and sprays came on the market. People said they would create new nicotine addicts and that never happened. But e-cigarettes are a different kind of nicotine delivery device, so they raise unanswered questions that we're looking into.
- Q. On what basis do you think e-cigarettes can help people quit smoking?
- A. There is evidence that gums, patches, and sprays work, but they don't work well enough. And early evidence suggests that because e-cigarettes reinforce the physical movement of smoking, they can enhance tobacco cessation, but we don't have all the information yet. We have to continue doing the research and publishing data to demonstrate that they're helpful.
- Q. What about children? Some of these e-cigarettes are candy-flavored.
- A. As a company, we've made a commitment that these products should not be sold to kids under any circumstances. Children don't factor into NJOY's marketing, but if a customer says they like a particular flavor, then I have no problem with that - adults enjoy these flavors too.
- Q. How would you respond to critics who say you shouldn't be doing this?
- A. Making tobacco obsolete is part of NJOY's value ... and it's consistent with my efforts to move people away from cigarettes with combustible toxins that lead to cancer and cardiovascular diseases. I accept that my colleagues have concerns and that the anti-tobacco world is divided on this. You've got two camps here: an abstinence-only camp that thinks anything related to tobacco should be outlawed, and those of us who say abstinence has failed, and that we have to take advantage of every opportunity with a reasonable prospect for harm reduction.

NATO Files a Formal Complaint with FDA Ombudsman Regarding "The Real Cost" Television Commercials

Recently, NATO has filed a formal complaint with the FDA Center for Tobacco Products Ombudsman to seek the removal of two television commercials produced for the FDA's "The Real Cost" campaign from any further airing on television and also from the YouTube website. These two commercials titled "Your Teeth/Your Teeth Menthol" and "Your Skin/Your Skin Menthol" inaccurately and falsely depict convenience store clerks accepting body parts from a young male and a young female as part payment for a pack of cigarettes.

A federal Ombudsman works to resolve complaints and disputes between a federal agency and the industry that is regulated by that agency. On February 7, 2014, NATO sent the FDA a letter requesting that the agency cease airing these two commercials and remove the commercials from YouTube. The FDA responded to NATO in a letter dated February 11, 2014 that the portrayal of retail clerks in the two commercials is "completely incidental to the intention of the ads." NATO strongly disagrees with this characterization of the retail store clerk role in the commercials and claims that the FDA has crossed an ethical line where the truth and compliance with the FDA's own federal tobacco regulations are disregarded in an attempt to convey a message to youth about the health implications of cigarette smoking.

NATO's letter to the FDA Ombudsman contains a list of the four major concerns that the association has with the television commercials which are as follows:

1. The commercials are an inaccurate and false depiction of a retail sale of cigarettes.
2. The retail store clerks in the commercials are depicted as willing participants in selling cigarettes to youth.

3. The FDA has disregarded the truth and its own federal tobacco regulations that a retailer must comply with when selling cigarettes.
4. The commercials do not conform to the FDA's own retail training videos which shows how retailers must request photo identification of customers that are under the age of 27, examining the photo identification, and checking the customer's birth date before selling cigarettes to the customer.

NATO is waiting for a response from the FDA Ombudsman regarding this official complaint.

FDA Issues First Orders to Stop Sale, Distribution of Tobacco Products

Published in CSP Daily News

The U.S. Food & Drug Administration (FDA) issued orders recently to stop the further sale and distribution of four tobacco products currently on the market. The action marks the first time the FDA has used its authority under the Family Smoking Prevention & Tobacco Control Act to order a manufacturer of currently available tobacco products to stop selling and distributing them.

The agency found the products--Sutra Bidis Red, Sutra Bidis Menthol, Sutra Bidis Red Cone and Sutra Bidis Menthol Cone--to be not substantially equivalent (SE) to tobacco products commercially marketed as of Feb. 15, 2007, also known as predicate products. This means they can no longer be sold or distributed in interstate commerce or imported into the United States.

Bidis are thin, hand-rolled cigarettes filled with tobacco and wrapped in leaves from a tendu tree that are tied with string. The manufacturer, Jash International, did not meet the requirements of the Tobacco Control Act to be able to continue selling these products, according to the FDA.

Existing inventory may be subject to enforcement action, including seizure, without further notice, the FDA said, and companies that continue to sell and distribute these products in the United States may be subject to enforcement actions by the FDA.

With regard to retailers, the FDA said it does not intend to take enforcement action for 30 days on previously purchased products that a retailer has in its inventory. This policy does not apply to inventory purchased by retailers after the date of the order. FDA has issued draft guidance containing more information on the agency's enforcement policy for certain tobacco products that the FDA finds not substantially equivalent. It will be open for public comment for 60 days, beginning Feb. 25.

The FDA encourages retailers to contact their supplier or the manufacturer to discuss possible options for the misbranded and adulterated product or products that the retailers have in current inventory.

"Historically, tobacco companies controlled which products came on and off the market without any oversight," said Mitch Zeller, director of the FDA's Center for Tobacco Products (CTP). "But the Tobacco Control Act gave the FDA, a science-based regulatory agency, the authority to review applications and determine which new tobacco products may be sold and distributed under the law in order to protect public health."

The Tobacco Control Act allows regulated products to stay on the market if companies submitted an application to the FDA by March 22, 2011. The law requires the FDA to review product applications so the agency can decide whether the products are SE to valid predicate products. If a company fails to provide the necessary information to show that their product is SE to a predicate product, the FDA has the authority to declare a product not substantially equivalent, which means that it can no longer be sold or distributed in interstate commerce.

In this case, Jash International did not identify eligible predicate tobacco products as required for the FDA to perform an SE review. Also, the company did not provide information necessary to determine whether the new products had the same characteristics as a predicate product, or had different characteristics but did not raise different questions of public health, the basis used by the FDA to review SE applications for tobacco products.

"Companies have an obligation to comply with the law--in this case, by providing evidence to support an SE application," said Zeller. "Because the company failed to meet the requirement of the Tobacco Control Act, the FDA's decision means that, regardless of when the products were manufactured, these four products can no longer be legally imported or sold or distributed through interstate commerce in the United States."

Tobacco: CVS Loss is C-Stores' Gain

CVS pharmacy's plans to quit selling tobacco products will send a chunk of the 15% of tobacco sold through drugstores and supermarkets to c-stores and other retailers, said analyst Bonnie Herzog, managing director for Wells Fargo Securities LLC's beverage, tobacco and convenience store research.

CVS said it would drop cigarettes and all tobacco products from its 7,600 stores nationwide by Oct. 1, 2014.

After the announcement, eight Senators are urging other drug store chains to follow suit.

"We recognize the legality of selling and profiting from tobacco products; however, we also believe that you are in a position to have a major positive impact on public health," the senators wrote.

The senators drafted letters to the heads of Walgreens, Rite Aid and the National Association of Chain Drug Stores. Sen. Tom Harkin (D-IA) led the letters, joined by Sens. Jay Rockefeller (D-WV), Richard J. Durbin (D-IL), Barbara Boxer (D-CA), Sherrod Brown (D-OH), Richard Blumenthal (D-CT), Jack Reed (D-RI) and Sheldon Whitehouse (D-RI).

"In recognition of the 8.6 million Americans who currently suffer from smoking-caused illnesses, we hope you will join this national effort to end the scourge of tobacco use," the letter says. "We look forward to working with you in a joint effort to promote the health of all Americans."



Mark Your Calendar!

**2014 Mid-Atlantic
Legislative Conference**

May 21st & 22nd, 2014

**The Greenbrier Resort
White Sulphur Springs, WV**

2013 Tobacco Product Sales Data

IRI Convenience AllScan data for 52 weeks ending Dec. 1, 2013

Subcategory	Dollar Sales	PCYA	Unit Sales	PCYA
Cigarettes	\$51,723,110,000	-1.33%	8,566,478,000	-2.02%
Smoking Accessories	\$2,515,637,000	-1.66%	160,245,500	-4.45%
Cigars	\$2,356,173,000	-2.87%	1,505,531,000	1.45%
Smokeless Tobacco	\$5,161,277,000	7.71%	1,265,368,000	3.99%
Electronic Smoking Devices	\$508,521,500	182.45%	47,220,740	216.10%
Pipe Tobacco	\$77,985,950	13.02%	10,033,020	20.13%

Tobacco Tax Increased Proposed for Ohio

Other State News

The Ohio Governor has included the following tobacco tax increases in his mid-biennial review bill:

- Increase cigarette tax by 60-cents/pack, with 30-cent increase in FY 2015 (effective July 1, 2014) and the final 30-cents in FY 2016 (effective July 1, 2015)
- Equalize the other tobacco product tax to the cigarette rate, with all OTP going to 41% in FY 2015 (effective July 1, 2014) and then going to 49% in FY 2016 (effective July 1, 2015)
- Apply the OTP tax to electronic cigarettes.
- Increase the commercial activities tax from .26 percent to .30 percent, effective with FY 2015 (July 1, 2014)

Tobacco Tax Increase Proposed for Maryland

Some Maryland lawmakers are hoping to give smokers an incentive to kick the habit by possibly raising the state tobacco tax.

Currently the state tobacco tax is \$2 but could be bumped up to \$3. Supporters say raising the tax would keep more young people away from the habit.

But some parents say it's them, not the state who should be keeping their children from smoking.

Other non-smokers say raising the price won't stop people from puffing on cigarettes.

Kentucky Proposes Tobacco Tax Increase

Gov. Steve Beshear has proposed increasing the state's cigarette tax \$1 a pack.

Beshear said his package includes 22 changes to the tax system. He calls it a "beginning point" in discussions with lawmakers to modernize the tax system to make Kentucky more competitive.

The Democratic governor proposes applying the state sales tax to labor charged to fix such personal property as automobiles and computers.

The sales tax also would apply to admissions to fitness centers and golf courses under the plan.

Beshear says his plan, including sales tax change, would increase state General Fund revenues by nearly \$210 million per year once fully implemented.

Vermont Rejects Raising Minimum Age

As states like Colorado, Utah, New York and New Jersey debate increasing the minimum purchase age of tobacco products, members of Vermont's House Human Services Committee took a stand against such restrictions: On Tuesday, the committee overwhelmingly voted to reject legislation to raise the purchase age from 18 to 21.

According to the Associated Press, the vote came after Vermont's State Health Commissioner Dr. Harry Chen publicly decried the proposal due to the restrictions it would place on legal adults.

State Representative Matt Trieber (D) made motions to reject two age restriction proposals--one that unilaterally raised the minimum age to 21, one that would have made an exemption for members of the military--after just one hour of debate. Trieber later said that he would need to hear more scientific evidence to support increasing the minimum age to reconsider his position.

The committee voted a unanimous 11 to 0 to reject the version of the bill that would have exempted military members and 10 to 1 against the version without the military exemption.

Rep. George Till (D), who first proposed the age increase in February, expressed disappointment in the Committee's vote. He cited estimates from New York City (whose minimum purchase increase goes into effect in May): allegedly, this will result in a 67% reduction in 14-to-17 year old smokers and a 55% reduction in 18-to-20 year olds.

Member News

Altria Recognized for Commitment to Community

Altria was recognized as one of America's most community-minded companies in The Civic 50, an annual initiative that identifies and recognizes companies for their commitment to improve the quality of life in the communities where they do business.

Mars Named on Fortune 100 Best Companies to Work for List

Mars, Incorporated has been named as one of the 2014 FORTUNE 100 Best Companies to Work For list in the US. Ranked 76 this year, Mars' position on the list rose by 19 places from 2013.

Reynolds' Subsidiaries Donate Plants

Two Reynolds American Inc. subsidiaries – American Snuff Co. and Santa Fe Natural Tobacco Co. – have donated former manufacturing plants in communities where they have operations. Santa Fe has donated a 59,000-square-foot building in downtown Oxford to the Granville County Boys & Girls Club.

Murphy USA Recognizes Swisher as Supplier Partner of the Year

Swisher International is now on a five-year streak as Murphy USA Inc.'s Supplier Partner of the Year. "Swisher International consistently embraces Murphy USA's vision of success and helps make it become a reality," said Kyle Williams, vice president of merchandising for El Dorado, AR-based Murphy USA.

AWMA Launches New Website

AWMA is pleased to announce the release of our new website, www.awmanet.org, designed with a fresh new look and user-friendly navigation. Here, you will find everything you want to know about AWMA, its publications, education and research, government relations, industry affairs, schedule of events with links for registration, and much, much more. We hope that you will enjoy browsing our new site, finding more options and information each time, and that it will be yet another tool for strengthening your business.

West Virginia Wholesalers Association



2006 Kanawha Blvd., East
Charleston, WV 25311
www.wvwholesalers.org

Phone: 304.205.5496

FAX: 304.343.5810