



# The Leaf Sheet

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**Upcoming Meetings:**

- \* Uniformity Meeting  
January 29-30, 2020  
Myrtle Beach SC
- \* Central Region  
April 8-9, 2020  
 Fargo ND
- \* Western Region  
April 22-23, 2020  
 Tucson AZ
- \* Northeast Region  
May 20-21, 2020
- \* Southern Region  
June 10-11, 2020  
Charleston WV
- \* Uniformity Meeting  
June 24-25, 2020  
Boise ID
- ◆ Uniformity Meeting  
August 14—15, 2020
- ◆ Annual Meeting  
August 16—19, 2020  
Doubletree Hotel  
Portland ME

***Message from the National Chair***

Greetings and Happy New Year! I want to convey how much I've enjoyed serving as your National Chair for the FTA-Tobacco Section. Engaged in this capacity, I've been afforded additional opportunities to meet and work with even more of you within government and the tobacco industry. I am very appreciative of strengthening the professional bonds developed over the years through FTA and the new bonds that continue to form during my term. I will continue to be thankful for and receptive to your advice, feedback, and your mentorship, as I strive to fulfill my duties in 2020.

When I commenced with my involvement in FTA close to a decade ago, I could not have imagined my participation would result in being elected the national chair. I consider it a great honor to have garnered the confidence of my peers to be entrusted with this responsibility. As a typical Missourian, one has to "show me" many things. I can say without hesita-

tion, my FTA experience has shown me a unique forum for learning and sharing that continues to benefit me and my home state for the betterment of the taxpayers I serve each day.

No matter the length of your sojourn with FTA, whether you are a seasoned veteran or a new face on the scene, I encourage each of you to participate in the section's uniformity efforts, available training sessions, regional meetings and the annual conference scheduled throughout the year. It's your experience and expertise that make FTA an invaluable resource to us all. I look forward to our shared efforts and interactions.

Thank you for being a part of FTA and thank you for allowing me to be your National Chair. I'll see you soon!

***Gerald Robinet***  
***Missouri***



## Message from Uniformity Committee Co-Chairs

Welcome to Myrtle Beach! Ah, Myrtle Beach – the land where Mr. Jerry Leonard appreciates a fine and overpriced pastel sweatshirt. Also, be on the lookout for “microwaves” in your closet. I hear they are plentiful on this beach. Although, I hear the local folk more commonly call these “safes”.

At our last meeting in Grand Rapids, twenty states were in attendance plus the District of Columbia. Those states were CA, ID, IL, IN, KS, KY, MN, MO, MT, NV, ND, OH, OK, OR, RI, SC, SD, TN, TX, and WI.

The meeting seemed to be the largest and most productive to date, and we heard great feedback on the topics discussed. The work of States and Industry coming together at these meetings has produced outstanding results, and we couldn't be prouder. We appreciate everyone's input and value all of the knowledge and experience brought to the table.

Speaking of those with knowledge, Don Anderson with Idaho, has retired and moved on to bigger and better things. We wish him well in his future endeavors and thank him for his many

years of dedication and service to the FTA Tobacco Uniformity Committee. With his departure, Sally Stauffer with South Dakota, has graciously stepped into the State Chair position of the Communications & Legislation Subcommittee. As a result of Sally moving over to this Subcommittee, Joe Noland with Ohio has accepted the State Chair position of the Compliance Subcommittee. Welcome, Joe!

Tim and I also want to thank all of the Chairs for their tireless efforts! The work that goes on behind the scenes is tremendous, and all of the Chairs deserve a big round of applause. I know that it isn't said enough, but we can't thank you enough for your dedication and involvement.

We are excited you are here! If you have any suggestions or would like to become more involved with the Committee, please see any of us Chairs.

**Jeanne**

I am excited to kick off the New Year in Myrtle Beach, SC, for the January Uniformity meeting. First, I would like to thank everyone for the card and the kind words for

the arrival of my wife's and I first child. Unfortunately, I was not able to attend the final Uniformity meeting of 2019 and the Tobacco Annual meeting in Grand Rapids, MI. I heard we had some great discussions with States and Industry on current tobacco issues such as inspections, legislative updates, and updates on States adopting the Uniformity schemas for electronic filing.

There are many things to be excited for in 2020 coming from the Communication & Legislation Subcommittee, Compliance Subcommittee, Technology Subcommittee, Forms Subcommittee, and the Illicit Trade Group. There are many hot topics to discuss from the fast-moving changes in vapor product, Zyn / Dryft / Vello / On, Synthetic Nicotine, Modified Risk, IQOS, marijuana and CBD's and how this will affect State and Industry. There are many things to be excited for in 2020 and I can't wait to see everyone in Myrtle Beach.

**Tim**

## Forms Subcommittee Update

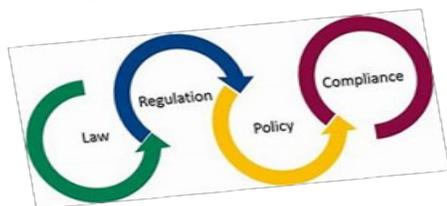
Thank you to all of the states and industry that attended the meeting in Grand Rapids. There were some great discussions. During the Forms Committee segment, the Tobacco cover page instructions were voted on and passed. The cover page will not be a requirement in the schema but will be available to use. We also discussed the Bad Debt form

and will be working on the instructions for the January meeting in Myrtle Beach. The Forms Committee would like to hear from you. What other forms would you like to see that we don't currently have? Are there forms that need updated or changed? We look forward to seeing everyone in Myrtle Beach!



**Marci & Helen**

## Compliance Subcommittee Update



In the August meeting, the Compliance Subcommittee discussed many topics.

IQOS is now available in Georgia and Virginia. It is considered a cigarette and will be getting MSA certification.

The hemp and CBD market are growing. Sales are expected to quadruple in the next four years. Popular CBD products are lotions, water and oils. CBD is largely unregulated.

We discussed nicotine pouches (Zyn, On, Velo and Dryft). These are tobacco free nicotine products. States vary in taxation of this product. Some states tax it as

OTP, others do not tax it at all. There is sure to be more talk about this product at upcoming meetings.

An update was given on the AFT auction in Omaha, Nebraska. This was a seizure of tobacco products by the ATF from the Ho-Chunk (HCI) tribe. Five states received notification that subjects from their state purchased product from the auction.

Inspection procedures were discussed, and several states gave information about their inspection process. Ohio completed 6,046 retail inspections last year, while Tennessee had their largest seizure of over 10,000 boxes of product.

Nevada spoke on the data clearing house (BDO) for the 36 settling states with the cigarette manufacturers. States report NPM product

sold which then is sent to the clearing house which runs comparisons against the state data and tobacco companies.

The modified risk tobacco discussion spoke to the premise, should the tax go down as the risk goes down? Modified risk is defined by the FDA, who receives applications from manufacturers to get that designation. Risk and exposure are considered. If the manufacturer gets the designation, it allows them to make certain health claims about the product.

That's a snapshot of the August meeting. Please get involved and attend Uniformity meetings.

If there are any topics you would like us to consider, please feel free to contact us.

**Joe & Kristin**

## Tobacco Facts from Jerry Leonard -OK DOR

- ◆ Tobacco is a plant that grows natively in North and South America. It is in the same family as the potato, pepper and the poisonous nightshade, a very deadly plant.
- ◆ The seed of a tobacco plant is very small. A 1-ounce sample contains about 300,000 seeds!
- ◆ It is believed that Tobacco began growing in the Americas about 6,000 B.C.!
- ◆ During the 1600's, tobacco was so popular that it was frequently used as money! Tobacco was literally "as good as gold!"
- ◆ In 1632, 12 years after the Mayflower arrived on Plymouth Rock, it was illegal to smoke publicly in Massachusetts! This had more to do with the moral beliefs of the day, than health concerns about smoking tobacco.
- ◆ In 1760, Pierre Lorillard establishes a company in New York City to process tobacco, cigars, and snuff. Today, P. Lorillard is the oldest tobacco company in the U.S.
- ◆ In 1847, the famous Phillip Morris is established, selling hand rolled Turkish cigarettes. Soon after in 1849, J.E. Liggett and Brother is established in St. Louis, Mo. (The company that has settled out of the big lawsuits recently).
- ◆ In 1875, R.J. Reynolds Tobacco Company (better known for its Reynolds Wrap Aluminum Foil) was established to produce chewing tobacco.
- ◆ By 1923, Camel controls 45% of the U.S. market! In 1924, Phillip Morris begins to market Marlboro as a woman's cigarette that is a "Mild as May"!
- ◆ To battle this, American Tobacco Company, maker of the Lucky Strike brand, begins to market its cigarette to women and gains 38% of the market. Smoking rates among female teenagers soon triple during the years between 1925-1935!

## Technology Subcommittee Update

Welcome to Myrtle Beach! The goal of the Technology Subcommittee is to fulfill the Uniformity Committee's Mission Statement by providing approved Uniformity Guides and Schemas.

At the August meeting, the committee discussed proposed cigarette and tobacco XML schema changes. The committee passed changes to both the cigarette and tobacco schema. The cigarette schema increased the character limit from 35 to 85 for the manufacturer and brand family. The tobacco schema had a few more changes. The character limit increased from 35 to 85 for the product description, manufacturer, and brand family. In addition, a proposal passed to increase the

decimal place from 2 to 5 for the weight/volume, value, and the extended taxable amount. The final tobacco XML schema change that passed was to change UNSTP to UNTAXED and to add two new tobacco enumerations for Wisconsin. The two new enumerations are WI-CGR2 and WI-VAP1. The uniformity committee suggested at the previous meeting that Wisconsin should have two cigar state description codes. Wisconsin taxes cigars at a rate of 71% of cost or at a \$0.50 cigar cap. Wisconsin agreed to add a WI-CGR2 to the state description codes.

The OTP state description code table for Kentucky and Wisconsin were also updated at the meeting in August along with the newly

created generic OTP state description code table. The new generic description code table can be used by new states adopting Uniformity.

A proposal that did not pass was to make all the optional elements required. If the elements are optional, the data exchanged between states with different laws may not be as useful.

Also discussed was the technology survey sent to all the states. The survey was sent, but there are still a number of states that need to reply. If you have not replied, please complete the survey and send it to Jason or Mark.

**Jason and Mark**

## Communications and Legislation Subcommittee Update

Greetings! We are excited to report that there were twenty-one states (SD, OK, DC, IL, IN, MO, NV, ND, TN, CA, SC, MN, KY, KS, OH, TX, RI, ID, OR, WI, MT) in attendance at our August 2019 meeting in Grand Rapids, Michigan. Thank you for your participation – it is both wanted and needed! Here is a brief recap of our August discussion along with a look into the future.

The 2019 publication of TTIBS was presented. We want to encourage all the states to thoroughly review their section and provide updates and corrections to Dawn Evans. Please check out the FTA website ([www.taxadmin.org](http://www.taxadmin.org)) for the latest and greatest TTIBS update. The map with links to the state directories has been updated!

Discussion then moved to the new TTIBS questions for 2020. Topics of interest included hemp, CBD,

synthetic nicotine, and heat not burn aka heated tobacco products. Please think about questions you would like added to the 2020 TTIBS questionnaire. We will discuss these additional questions during our breakout session and look forward to the feedback.

We are excited to announce the RFP Checklist of Best Practices for E-filing Requirements document was approved in August. The checklist can be used regardless how a jurisdiction employs resources (internal or external) to design and create the e-file. This invaluable reference tool has been added to the Uniformity Guide. As you have time, please check out this new addition.

Two white papers were presented at the August meeting: "Taxation of E-cigarettes and their Components" presented by Mike Albin and "Modified Risk Tobacco Prod-

ucts" presented by Rob Walker. Both white papers were well thought out and informative. Since this was Uniformity's first stab at a white paper, it was decided that both papers would be further reviewed, and the detail contained within be broader in nature. White papers are meant to be informative and unchanging, not a document in a constant state of flux. These papers will be revisited at our January meeting along with two new ones - > "Next Generation Products" and "How to Handle Floor Stock Tax".

The remainder of the time in Grand Rapids was filled with a legislative roundup discussion led by Jerry Leonard. Jerry went over a plethora of topics from Tobacco 21 and tobacco bans to upcoming proposed tax increases. A lot has happened since August, look for the legislative talks to be lively in Myrtle Beach.

## Communications and Legislation Subcommittee Update (cont. from pg. 4)

### White Paper Topics:

#### **Next Generation Products – information on the product, potential tax impact, pro, con, etc.**

Mark Triplett – chair

#### **Handling Floor Stock Tax**

Jim Oliver – chair

If you would be interested in participating please contact the chair



*Sally and Dawn*

## FDA enforcement of new minimum age for tobacco Sales

Note: On December 20, 2019, the President signed legislation to amend the Food, Drug, and Cosmetic Act, and raise the federal minimum age of sale of tobacco products from 18 to 21 years. It is now illegal for a retailer to sell any tobacco product – including cigarettes, cigars and e-cigarettes – to anyone under 21. FDA will provide additional details on this issue as they become available.

## FDA finalizes enforcement policy on unauthorized flavored cartridge-based e-cigarettes that appeal to children, including fruit and mint

Companies that do not cease manufacture, distribution and sale of unauthorized flavored cartridge

## FDA E-Cigarette Flavor Ban Takes Effect February 6

Retailers must remove most flavors of cartridge units from their shelves ahead of the deadline.



**US Food and Drug Administration**  
**10903 New Hampshire Avenue**  
**Silver Spring MD 20993**  
**1-888-INFO-FDA (1-888-43-6332)**

## Training & Development Opportunities

### FTA Tobacco Basic Training October

State & industry attendees will be trained on tobacco terminology, distribution of products, taxation, legislation, the Master Settlement Agreement (MSA), compliance, auditing, etc. In the past, attendees have toured a cigarette manufacturing facility. Date and place to be announced!



## ***How Can You Become More Involved In Uniformity?***

- ◆ Regularly check for updates at FTA's updated Tobacco Uniformity website at [taxadmin.org](http://taxadmin.org).
- ◆ If you don't currently require cigarette and/or tobacco returns, and/or PACT Act reports to be filed electronically, do you know when your state is expected to do so?
- ◆ Has your revenue staff coordinated with your AG's staff to ensure the uniform schedules will also fulfill all of their filing requirements? If you're from the AGO, reach out to your Revenue Department.
- ◆ Talk to other states and industry members.
- ◆ Attend meetings!




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## ***Welcome to Myrtle Beach, South Carolina***

### Did You Know?

- While our year-round population is only about 28,000 people, it is not unusual for it to swell to more than 3-5 million during peak season. That's a lot of hotels, condos and campgrounds that are slam full every year!
  - Myrtle Beach is also known as "The Grand Strand." Why? Because of the long, unbroken stretch of beachfront towns that stretch all the way from the very tip of northern South Carolina down to Georgetown, SC, which is an hour north of Charleston. Myrtle Beach is considered the central jewel of the Grand Strand.
  - Myrtle Beach is one of America's top vacation destinations! Yep, that's right. We rank right up there with Disney World for tourism, making us one of America's leading centers for tourism. Each year between April and October, we see an average of 15 million visitors enjoy our beautiful surf and sand!
  - Myrtle Beach is actually a man-made island. It is the Intracoastal Waterway that separates Myrtle Beach from the continental United States. This means that our entire city has developed in the small area right by the coast. We are prone to hurricanes, so the sand dunes and tropical grasses keep the city separated from the beach. These dunes provide a natural seawall barrier against storm surge. The monster Hurricane Hugo happened in 1989 and was the most recent catastrophic hurricane this area has seen.
  - Our climate is considered to be sub-tropical with very warm and humid summer months. It's not uncommon to see temperatures rise into the 90's and above during July and August, but average temps stay in the 80's, with lows in the 70's. Thunderstorms often develop with the heat of the afternoon during the summer and will dump short, intense downpours before offering some relief from the heat. Winters are mild and very enjoyable! The ocean water temperature is also very warm for much of the year.
  - George Washington even stayed a night here in what is now North Myrtle Beach when he was scouting out the southern states for development. He even rode his horse down what is now King's highway!
-



Shelling 101: While all you really need is a bucket or bag to place your seashells in, two other helpful items are a sieve (especially if you're hunting for sharks teeth) and a scoop (if bending over again and again is going to be a challenge). And bonus points if you take an extra grocery bag and collect any litter you may find along your way.

## **Uniformity Committee Chairs**

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Jeanne Thompson  
State of Kentucky

Tim Harris  
Eby Brown Company LLC

### **Communication and Legislation**

Sally Stauer  
State of South Dakota

Dawn Evans  
McLane Company Inc.

### **Forms**

Marci Rosencutter  
State of Kansas

Helen Hayes  
Core-Mark International Inc.

### **Compliance**

Joe Noland  
State of Ohio

Kristin Harrell  
Associated Wholesale Grocers

### **Technology**

Jason Kraemer  
State of Wisconsin

Mark Triplett  
Triplett & Assoc./ Swedish Match



## **Tobacco Regional Officers**

### **Central Region**

Jacob Hunter, Illinois  
Governor

Betsy Shroyer, Indiana  
Lt. Governor

Brian Schummacher,  
North Dakota  
Secretary

### **Northeastern Region**

Florence Sam, DC  
Governor

Marijane LaMattina,  
New Jersey  
Lt. Governor

Lisa Qualter,  
New Hampshire  
Secretary

### **Southern Region**

Lee Poe, Alabama  
Governor

Jim Oliver, Kentucky  
Lt. Governor

TBA  
Secretary

### **Western Region**

John Manning, Utah  
Governor

Shane Taylor, Wyoming  
Lt. Governor

Anthony Muller, Colorado  
Secretary

## Tobacco Tax Section Officers

### National Chair

Gerald Robinett, Missouri

### National Vice Chair

Al Milak, North Carolina

### National Secretary

Justin Scott, Texas



The Leaf Sheet

[www.taxadmin.org](http://www.taxadmin.org)

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FTA Tobacco Tax Section  
Uniformity Committee  
Mission Statement

Provide an opportunity for government and industry to partner for the efficient and effective reporting and remittance of tobacco taxes, to minimize tobacco tax evasion, and to act as an information resource to stakeholders.

