

# Illegal Tobacco Task Force Minutes

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**Meeting Date:** October 13, 2016

**Meeting Time:** 10:30am

**Meeting Location:** 100 Cambridge Street, 2<sup>nd</sup> Floor, Conference Room

**Board Members Present:** Kajal Chattopadhyay (Co-Chair), Steven Fennessey (Co-Chair), David Solet, Christy Fedor, Patti Henley, Tom Bocian, Amber Villa

**Others:** Peter French, Victor Solorzano, Josh Brabazon, Lisa Dell'Anno, Bensen Solivan, Paul D'Amore, Anthony Beccone, Evan Garcia, Brenda McConville, Michael Reilly, Paul Caron, Molly Parks

## **Call to Order:**

- Mr. Chattopadhyay called the meeting to order at 10:42am
- Mr. Chattopadhyay also gave a high level overview of the successes of the Task Force over the last year, providing press releases and handouts of tobacco enforcement efforts in the media. "I am very encouraged by where we are and where we are going. I thank you for your engagement," said Mr. Chattopadhyay.
- A new Task Force member, Patti Henley from the Dept. of Public Health, was introduced to the group by Mr. Chattopadhyay. She'll be stepping in for Lea Susan Ojamaa.
- An overview of the scope of funding was also given by Mr. Chattopadhyay. A&F has approved the funds and it is now in the EOPSS account, ready for distribution. Mr. Chattopadhyay encouraged the group to get their financial ISA agreements completed so funds can be distributed. The general operation ISA will be signed by all member agencies and will not have an end date so that it will not have to be re-executed next year or in subsequent years.
- Task Force members were asked to review and approve the minutes. A motion to approve the minutes was made by Ms. Villa, seconded by Mr. Solet. The minutes were approved by unanimous vote.

## **Proposed Legislative Changes/Amendments:**

- Mr. Chattopadhyay went over a few changes that needed to be made to the Task Force's proposed legislative recommendations. Ms. Parks from DOR was on hand to provide insight and guidance on some of the proposed edits and changes.
- One item discussed was the notice provision for emergency situations involving malfunctioning stamping equipment in the new proposed G.L. c. 64C, § 33. Mr. Caron conveyed a stampers' perspective as to how the procedure for notifying DOR of issues can cause damage to wholesalers. He asked the Task Force to consider an automatic electronic authorization process to reduce delays and avoid down time.

- Further conversation with Mr. Caron elicited several questions from members, regarding ideal turn around response times, and the movement of product stamped or unstamped.
- DOR agreed to investigate the issue further and report back with additional information at the next Task Force meeting.

**Presentation from Mass State Police – Captain Paul D’Amore:**

- Mr. D’Amore gave a quick presentation of the enforcement side of the illicit tobacco trade in Massachusetts and the types of tax diversion the state is dealing with.
- In his presentation, Mr. D’Amore showed several photos of large warehouse busts that he was a part of – in Worcester and New Hampshire. In their investigation leading up to the busts, Mr. D’Amore said they discovered large amounts of illegal, out of state merchandise, representing millions of dollars in lost revenue to the Commonwealth.
- Mr. D’Amore focused on current state law relating to forfeiture of seized contraband tobacco. According to Mr. D’Amore, the State Police have issues with storage space and storage costs to hold and maintain seized product in accordance with current law. Mr. D’Amore asked the Task Force to consider a proposal to allow for the auction sale of seized contraband tobacco similar to the federal model. The Task Force will discuss this proposal at its next meeting.

**Presentation from Pennsylvania Dept. of Revenue – Anthony Beccone**

- Mr. Beccone of the Criminal Tax Investigation unit at the Penn. Dept. of Revenue provided insight into recent changes in OTP taxation in Pennsylvania (PA). In response to a serious budget shortfall and in a move to raise revenue, PA decided to institute a state tax on OTP and vaping/e-cigarette products for the first time.
- According to Mr. Beccone, PA has now implemented a new statewide tax on OTP, and the state itself is the 3<sup>rd</sup> largest home of tobacco farms, making it a very profitable industry.
- As the laws are still being worked out, Mr. Beccone told the Task Force that plans for future OTP taxation, licensing of OTP distributors and retailers, and OTP stamping are currently being discussed. Cigars, according to Mr. Beccone, will not be taxed as part of the state budget deal.
- Mr. Beccone outlined the “Floor Tax” imposed on Vaping and E-Cigarette products and the applicable criminal offense/violation structure.
- Currently, the PA legislature is debating the taxation of the actual vaping/e-cig liquid itself. Mr. Beccone says the items being taxed now under the new OTP taxation laws are: Snuff/Chew/Smoking tobacco, Roll Your Own tobacco and vaping/e-cig nicotine cartridges.

**Other Business:**

- Mr. Chattopadhyay introduced Working Group assignments, pairing several Task Force members to work on certain topics for larger discussion. The Dept. of Public Health and the Attorney General’s Office Task Force members were assigned to research federal labeling requirements pertaining to OTP.

Meeting was adjourned at 12:33pm by Mr. Chattopadhyay.