



The Leaf Sheet

Volume 17

June 2020

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Upcoming Meetings:

- Uniformity Meeting
June 2-3-4, 2020
WEBINAR
- Uniformity Meeting
December 2-3-4, 2020
 - Annual Meeting
December 6-7-8-9, 2020
Doubletree Hotel
Portland, ME
- * Uniformity Meeting
January 6-7, 2021
Orlando, FL
- * Central Region April
2021
Fargo, ND
- * Western Region
April, 2021
Tucson, AZ
- * Northeast Region
May 2021
- * Southern Region
June 2021 Charleston,
WV

Message from the National Chair

Greetings! I hope this message finds you well. During this COVID-19 pandemic, we've all experienced trials, challenges and inconveniences no one could have imagined a number of months ago. It has disrupted both family and work routines with us all wondering just what "normal" life will look like in the future. It is my sincere hope this pandemic will be mitigated to a level that permits us to regain our 2019 lives sooner than later.

The virus has also cancelled or delayed our FTA-Tobacco Section meetings. Though we couldn't take the opportunity to gather for regional meetings, I'm looking forward to you joining me for the annual tobacco section conference set to convene in December of this year. Though my term as your national chair will soon end, I'm excited to continue my participation in FTA in the years that follow. I have thoroughly enjoyed my time on the leadership team of this great group.

As I've relayed before, I encourage each of you to participate in the section's uniformity efforts, available training sessions, regional meetings and the annual conference as events are scheduled. It's your experience and expertise that make FTA an invaluable resource to us all.

Thank you for being a part of FTA and thank you for allowing me to be your national chair. It has been my honor and pleasure to serve. Stay safe and I look forward to visiting with you face to face in the future!

Gerald Robinett



**Olivia, Tim Harris' daughter!
Congrats**



Message from Uniformity Committee Co-Chairs

First off, we would like to say we hope everyone is safe and healthy during these difficult times. Due to COVID-19, many of us are facing challenges like never before. Some households have turned into classrooms, daycares, and full time offices. This year, due to the unfortunate circumstances, the Uniformity meeting will be some-

what different – this will be our first ever Webinar!! We hope that you can join us for full discussions from our Compliance Subcommittee, Technology Subcommittee, Forms Subcommittee, Communication & Legislation Subcommittee, and the Illicit Trade Group. There are many hot topics to discuss from the fast moving changes

in vapor products, Zyn/Dryft / Velo /On, Pixotine, synthetic nicotine, Modified Risk, IQOS, marijuana, CBD, cigars sales to Ecommerce, and much much more. We hope you are able to join us!

Jeanne and Tim

Compliance Subcommittee Update

In the January FTA Tobacco Uniformity meeting held in Myrtle Beach, SC, the Compliance Subcommittee discussed many interesting topics.

As states begin levying vape and E-cigarette products, safety measures need to be considered when seizing and storing liquid nicotine. The EPA categorizes nicotine as a PO75 acute hazardous waste. Depending on your state, you may be required to obtain a Hazardous Waste ID Number (HWID). Liquid nicotine is non-caustic and can be safely stored in plastic bins. The EPA does allow for disposal of the nicotine by transporting it to a facility that uses liquid nicotine in manufacturing. This may be a cost saving measure instead of paying for disposal.

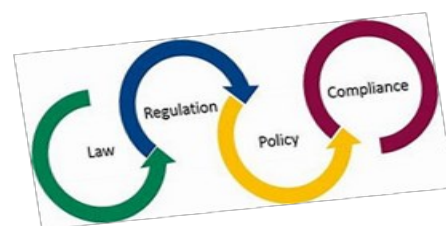
A discussion of the impending premarket tobacco application (PMTA) was held. The FDA requires applications to be submitted by September 9, 2020. This requirement covers new tobacco products that: 1. was not commercially marketed in the U.S. as of February 15, 2007; or 2. any modification of a tobacco product

where the modified product was commercially marketed after February 5, 2007. The majority of this regulation affects the Electronic Nicotine Delivery Systems (ENDS). The FDA will not publicly communicate PMTA status, so states may not know what is illicit.

HB2339 introduces a ban on flavored tobacco, to include menthol. There is a full flavor ban in Massachusetts effective June 1, 2020.

Swedish Match received a Modified Risk order from the FDA on 8 SKUs. The order stands for five years from the October 22, 2019 approval date. The application for General Snus was made in 2014. The FDA does have a Modified Risk page on their website. You can sign up on FDA.gov/communications to receive alerts.

New Federal Tobacco 21 changes the minimum age of sale of tobacco products from 18 to 21 years. It is illegal for a retailer to sell any tobacco products- including cigarettes, cigars and e-cigarettes- to anyone under 21. Some states are not complying with this new federal regulation.



Heat not burn (IQOS) stamping and taxing – what is your state doing? Georgia (Atlanta) and Virginia (Richmond) are test market states. Georgia taxes product as a cigarette and a stamp is put on it. One pack contains 20 sticks (sticks are about 1/3 the size of a cigarette stick). In Virginia there is no tax or stamp. On a Federal level the product is taxed as a cigarette. Altria is working on stamping options. Currently, it is thermal transfer stamp. Meyercord will continue to work with the states on the stamp. Altria provided machines to distributors that go into specific markets and will engage the state when they decide to distribute IQOS into their state.

FTA Tobacco training – Notification will be sent out when classes are scheduled.

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

Joe & Kristin

Forms Subcommittee Update

Thank you to all of the states and industry that attended the meeting in Myrtle Beach. We look forward to meeting with everyone virtually this June.

At the January meeting, the committee distributed an Electronic Filing Receipt Acknowledgement draft. Suggestions were made and a final draft will be voted on at the June meeting before it is presented at the annual meeting for final approval.

A Uniform Incident form was discussed. The committee asked the attendees to review the form and bring any changes to the June meeting.

The committee presented two versions of a Cigarette Cover Page. The attendees gave their opinions on which form they would like the committee to move forward with. The committee will move forward with the reconciliation version of the form and will create instructions. The draft form and instructions will be voted on in the

June meeting. We look forward to your feedback and suggestions for improvement.

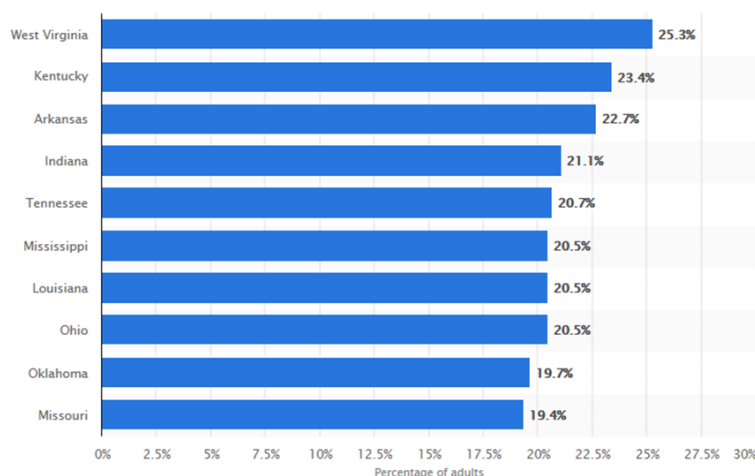
If time permits, we will review previously approved Uniform Forms for those of you joining us for the first time.

Marci & Helen



Fun Facts from Jerry Leonard -OK DOR

- About 1.69 billion pounds of butts end up as toxic trash each year, making cigarettes the most littered item on Earth
- The United States is the fourth largest tobacco-producing country in the world, following China, India, and Brazil
- Two states—North Carolina and Kentucky—accounted for more than 70% of total tobacco cultivation
- 1794 – First American tobacco tax.
- In 1492, Columbus was warmly greeted by the Native American tribes he encountered when he first set foot on the new continent. They brought gifts of fruit, food, spears, and more and among those gifts were dried up leaves of the tobacco plant. As they were not edible and had a distinct smell to them, those leaves, which the Native Americans have been smoking for over 2 millennia for medicinal and religious purposes, were thrown overboard.
- Rodrigo de Jerez and Luis de Torres are the first Europeans to observe smoking. It was on Cuba and Jerez becomes a staunch smoker, bringing the habit back with him to Spain.. Jerez's neighbors were so petrified of the smoke coming out of his mouth and nose that he was soon arrested by the Holy Inquisition and held in captivity for nearly 7 years. However, thanks to a lot of seafarers at the time, smoking became an entrenched habit in both Spain and Portugal before long.
- 6 trillion cigarettes are made each year, worldwide. That is enough for every man, woman, and child on the planet to have 1,000 cigarettes each. 6 trillion cigarettes are enough to fill the Empire State Building 60 times, the Roman Colosseum 250 times, and cover an entire football field stacked 1 mile high.
- In the early 1800's the fastest cigarette hand-roller could make about 1 cigarette per minute and about 1,500 per day. Tobacco companies began investing in machines to roll cigarettes, resulting in rapid output of the product, about 20,000 cigarettes per minute to be exact; and these machines operate nearly 24 hours a day.
- In 2018, 13.7% of all adults (34.2 million people) currently smoked cigarettes: 15.6% of men, 12.0% of women.
- U.S. states with the highest smoking rates among adults in 2018.



How Can You Become More Involved In Uniformity?

- ◆ Regularly check for updates at FTA's updated Tobacco Uniformity website at 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!



Welcome to Webinar Covid-19

Altria pauses Heated Tobacco, IQOS. In March the stores in Richmond and Atlanta were shut down and they pushed back the opening in Charlotte. The company said higher unemployment, the severity of COVID-19, increased unemployment, lower gas prices and government stimulus payments could cause a trading down by smokers to less expensive brands.

Some tobacco manufacturers have had to temporarily close plants due to the virus. Altria reopened its cigarette facility after a two-week shutdown because two workers tested positive.

Reynolds American is infecting fast-growing tobacco plants with a genetically modified coronavirus to see if they can produce antibodies for a possible vaccine. Reynolds' parent company British American Tobacco Plc announced April 1 it was launching pre-clinical trial testing that was expected to take two months. BAT said "the potential vaccine has been shown to produce a positive immune response. "As such, the vaccine candidate is now poised to progress to the next stage. which will be Phase 1 human clinical trials pending FDA authorization." (Journal Now)

Bottoms down, wearing pants without an elastic waist or a bra daily is so pre-COVID-19. With millions working from home or unemployed due to the coronavirus, quarantine wardrobes opt for comfort versus restricted clothes, be it shape wear or even simply jeans.

And new data supports the claims that have already been memorialized both in memes on social media and the butt of many coronavirus jokes. According to [Adobe Analytics](#), April was a record month for apparel, with prices decreasing 12% from March. The cuts helped apparel gain a 34% increase in sales.

But consumers shifted their apparel purchases toward comfortable home clothes. Adobe found pants sales dropped 13%, bras 12% and jackets 33% while online pajama sales increased a whopping 143%.

Retailers have reported similar trends as video conferencing and remote work have grown in popularity. In late March, [Walmart reported an increase in shirt sales](#) but not work clothing below the waist. "We're seeing increased sales in tops, but not bottoms," Dan Bartlett, Walmart's executive vice president of corporate affairs, told Yahoo Finance about people who use Zoom and other types of video conferencing.

Summer clothing was also popular in April, with sales of shorts up 67% and t-shirts 47%, according to Adobe.

Home haircut anyone? Pictures Please!



Could Be Covid-19!?!?

Uniformity Committee Chairs

Uniformity Chairs

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Tim Harris
Eby Brown Company LLC

Communication and Legislation

Sally Staufer
State of South Dakota

Dawn Evans
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Technology Subcommittee Update

Welcome to the June 2020 Tobacco Uniformity meeting! The goal of the Technology Subcommittee is to fulfill the Uniformity Committee's Mission Statement by providing approved Uniformity Guides and Schemas.

At the January meeting, the committee discussed the technology survey results from 2019. The survey results were shown on data maps that depicted the data. The survey results were inconclusive because there were many states that did not respond to the survey. Please respond to the 2020 technology survey to insure better data collection.

The Technology Subcommittee also discussed the data to be exchanged between states, and what are the best practices for exchanging data between the states. Should all the data be sent, or should the process be automated? Do you create a file per state, or can a template be developed for the transfer of the data? In addition, is there a way another state could view a different states tobacco information without having

that state send the large amount of data? The amount of data that Kentucky and Wisconsin have been receiving from the cigarette and tobacco returns would make it very difficult to send all the data in one file. There will be more discussion on this topic at the June meeting.

During the meeting, California called in to discuss their new cigarette XML schema. On the call, the different schedule codes used by California were discussed.

Currently, there are four states beginning the process of moving to Uniformity. This includes Indiana, Minnesota, Montana, and North Carolina. If your state is thinking of moving to Uniformity, please contact Mark or Jason. As more states transition there will be updates to the schema and the filing guide. During the meeting the Technology Subcommittee gave an update on the schema approval process and inquired what is the best time line for states that have already adopted Uniformity to adopt the updated approved schemas. If the updated schema is

approved at the August meeting, the schema then goes to eStandards for approval. This typically takes around one to two months. Once the schema is approved, it will be posted on the FTA website. During the meeting it was determined that the best practice is to have the updated schema implemented by the states by the following July.

The brand code table was the last item discussed by the Technology Subcommittee. It is possible there will be a roll your own and pipe tobacco source that could be used for the brand code table. There have also been recent advancements on the UPC codes on OTP products which could allow the UPC codes to be used for tobacco filings. In addition, we are hopeful that a brand code table for cigars could be used in the future. All these items will be discussed further at the June meeting.

Jason and Mark

Communications and Legislation Subcommittee Update

White Paper Topics:

Taxation of E-cigarettes and Components

Kara Parga – chair

Handling Floor Stock Tax

Jim Oliver – chair

Modified Risk Tobacco

Rob Walker – chair



If you would be interested in participating please contact the chair.

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

Hello to all wherever you may be during this crazy Covid time in our country. We definitely miss the face-to-face interaction that we receive at our Uniformity meetings. Speaking of which, a great Uniformity meeting was held in January in Myrtle Beach, South Carolina. A total of fifty-two people attended with sixteen states represented. Here is a recap of the January happenings.

The proposed 2020 questions for the TTIBS was presented. Many of the questions focus around CBD and hemp. These questions along with each state's individual TTIBS section were e-mailed to the designated state contact in March. We ask that you take the time to do a thorough review of the information printed for your state and respond to the new questions. The deadline for responses and

review has been extended to September 30, 2020.

White papers currently in progress include Modified Risk Tobacco and Taxation of E-cigarettes and Components.

Both teams plan to present their final rendition at the annual meeting. While these papers are in their final stages, Jim Oliver and company are working on a white paper called Handling Floor Tax. With three white papers currently in process or about to finish up, we ask that you think about further write-ups you would like to see. This will be discussed at the meeting. We look forward to your feedback.

At the January meeting three definitions centered around e-cigarettes and ENDS (electronic

nicotine delivery systems) were discussed and motioned to be added to the Uniformity Guide. If it has been awhile since you last reviewed the guide, please check it out. Many forms, documents and definitions have been added in the last year.

A legislative roundup discussion led by Sally took place with each state giving any current updates.

Sally concluded the breakout session with an informative slide presentation on topics such as stamping little cigars, Tobacco 21, Wayfair, IQOS, modified risk tobacco, and cannabis.

Sally and Dawn

FDA NEWS

FDA's premarket application deadline for cigars and OTP was officially extended by a Maryland judge. Originally the deadline was May 12, 2020 and will now be September 9, 2020.

U.S. Food and Drug Administration

10903 New Hampshire Avenue
Silver Spring, MD 20993
1-888-INFO-FDA (1-888-463-6332)

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!



Tobacco Tax Section Officers

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The Leaf Sheet

www.taxadmin.org

**This edition of The Leaf Sheet edited
by
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and Sally Stauffer**

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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.

