

## **Illegal Tobacco Task Force**

### **Notice of Public Meeting**

**Meeting Date:** Tuesday, February 9<sup>th</sup>, 2016

**Meeting Time:** 10:30 AM

**Meeting Location:** 100 Cambridge Street, 2<sup>nd</sup> floor, Room B, Boston, MA

Task Force members will hear presentations from officials from Connecticut and New York regarding their efforts to reduce the illegal tobacco trade in their states. In addition, Task Force members will discuss Task Force organization, projected spending, and its report to the Legislature. Finally, subject to final approval, Task Force members will discuss proposed legislative changes to existing tobacco statutes.

- A. Opening Remarks/Approval of Last Month's Meeting Minutes
- B. Discussion of Task Force Organization and Spending
- C. Connecticut Illegal Tobacco Presentation
- D. New York Illegal Tobacco Presentation
- E. Discussion of Potential Legislative Changes\*
- F. Discussion of Task Force Report to Legislature
- G. Upcoming Meetings
- H. Wrap Up/Closing Comments

\* Tentative Item/Subject to Change

*Due to security at the Saltonstall Building, those interested in attending the meeting should allow for additional time to check-in.*

*If any member of the public wishing to attend this meeting seeks special accommodations in accordance with the American with Disabilities Act, please contact DOR Human Capital Development at 617-626-2355.*

Date of Posting: February 4, 2016 @ 5:30pm

# Illegal Tobacco Task Force Minutes

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**Meeting Date:** Wednesday, January 13, 2016

**Meeting Time:** 10:30 AM

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

**Members Present:** Kajal Chattopadhyay (Co-Chair), Steve Fennessy (Co-Chair), Thomas Bocian, Amber Villa, David Solet, Michael Sweeney, Lea Susan Ojamaa, Shawn Collins, Christy Fedor

**Others:** Victor Solorzano, Josh Brabazen, Evan Garcia, Brenda McConville, Molly Parks, Jennifer Robertson, Chris Bauthin, Sharon Garner, Thomas Noret, Bensen Solivan, Scot Anderson, Vaughn Rees

## **Call to Order:**

- Meeting was called to order at 10:37AM by Co-Chair Kajal Chattopadhyay.
- Mr. Chattopadhyay also introduced a new Task Force member – Christy Fedor of the Department of Public Health. Ms. Fedor attended the first Illegal Tobacco Task Force meeting in December and is glad to be on board.
- After Ms. Fedor's introduction, Mr. Chattopadhyay reminded the Task Force that though some agencies have two representatives, each agency has one vote on the Task Force on voting matters.
- The previous meeting minutes were submitted and read independently by every member. Michael Sweeney made a motion to approve the minutes and was seconded by David Solet. All members voted unanimously to approve the minutes.

## **Harvard School of Public Health Presentation:**

- At the December meeting, Task Force member Lea Susan Ojamaa suggested a balanced approach to viewing the illicit tobacco industry. Accordingly, Dr. Vaughn Rees, Ph.D. from the T.H. Chan Harvard School of Public Health (Harvard), was invited to present the public health perspective to the illegal tobacco trade. Rees is with Harvard's Center for Global Tobacco Control.
- Rees' presentation laid out his findings and ways of understanding tobacco, imposing taxes and public education as methods to draw down appeal and reduce overall tobacco use.
- Mr. Solet posed a question for Dr. Rees, asking if there was a public health perspective on the switch people are making to electronic cigarettes (E-Cigs).
- Dr. Rees informed Mr. Solet and the Task Force that the public health position is still under consideration. Generally speaking, the public health community views E-Cigs like other tobacco products and is seeking proper regulations.

- Discussion was opened. Dr. Rees informed the Task Force that Massachusetts is the national leader on tobacco control. Currently, the \$3.51 tax on tobacco is seen as the ideal standard based on his research.
- Mr. Sweeney questioned if the driver for illicit tobacco sales is price and whether price increases are driving down consumption and/or increasing the illicit tobacco market.
- It was mentioned that at least some of the 8% of the reduction in use that Dr. Rees is seeing is likely going into the illicit tobacco market.
- Mr. Chattopadhyay asked DPH Task Force members whether their agency has knowledge of street sales. Ms. Fedor said no, but their staff is out examining the licensed retail market.
- On behalf of DOR, Evan Garcia said that they are receiving complaints from Boston's Chinatown neighborhood about illegal street sales.
- Thomas Bocian asked whether there is/was any campaign in the illicit tobacco public education area that works best. Ms. Ojamaa answered saying media campaigns have changed, but are continuing to work with municipalities throughout the state. The emphasis is on prevention in youth smoking and public health strategies. She also said that though the tax on cigarettes may be a deterrent, there are still items on the market for \$0.59 and \$0.69 that are popular (e.g., flavored cigars).
- Ms. Fedor mentioned that on the DPH tobacco checks, they are seeing a shift to other products like E-cigs and cigars which are an issue in the young smoker population.
- Ms. Ojamaa also mentioned that another local strategy that is becoming popular is some poorer cities in MA are capping the number of tobacco retailers as the number of retailers in poorer areas is much higher than in relatively more affluent areas. Fall River is a key area where the cap can be helpful.
- Amber Villa asked whether officials are seeing an increase of out-of-state stamps. Ms. Fedor said what DPH is seeing is a lot of open pack sales, such as stores selling loose cigarettes. Those packs either have no tax stamp or have out-of-state stamps from New Hampshire.
- Ms. Garcia mentioned that Lawrence, Methuen and Attleboro are seeing more out-of-state stamps.
- According to Ms. Ojamaa, New Hampshire seems to be the largest source of out-of-state stamps given its proximity to Massachusetts and its substantially lower tax on cigarettes compared to other neighboring states. Other states, including southern New England states like CT and RI have higher taxes on cigarettes and aren't likely to be as big sources of out-of-state stamps.

#### **Legislative Changes:**

- Mr. Chattopadhyay updated the Task Force on DOR's comprehensive update and revision of the tobacco statutes which is being reviewed by ANF. The governor's office is looking over the revisions and copies will be available soon for the board to review.
- Mr. Chattopadhyay also reminded the Task Force of the approaching March 1<sup>st</sup> deadline to issue its first report and propose legislative changes. He'll continue to push to get approval to distribute the package of legislative revisions so conversations amongst the Task Force can begin.

## **Neighboring States Presentations – Connecticut & Rhode Island**

### **Rhode Island Special Investigations Unit – Taxation Division: Sharon Garner & Thomas Noret**

- Ms. Garner and Mr. Noret of the Rhode Island Special Investigations Unit introduced themselves to the Task Force and provided insight into their special tobacco investigations. Their unit partners with state and local police enforcement in criminal cases.
- Mr. Noret, a retired law enforcement officer, informed the Task Force that RI law allows his team of investigators to investigate any retail location during business hours without a warrant. Under certain circumstances, Mr. Noret said they can also check vehicles.
- Their team has been helpful in discovering lost tax revenue due to the illegal tobacco market in RI. They've uncovered unlicensed distributors and other tax violations, including a massive illicit tobacco scheme involving the transport of 30,000 cartons of cigarettes from Virginia.
- Co-Chair Steve Fennessey asked about the response from state and local police. Mr. Noret responded that sometimes it's a hard sell to get police on board, but it's good to have connections. Their goal is to have a task force similar to MA with the Attorney General, state police and local police as partners.

### **Connecticut– Special Tobacco Unit: Scot Anderson**

- Scot Anderson with CT's Special Tobacco Unit gave some brief remarks on his division's work in the CT illicit tobacco market. Started with \$13M appropriation for a special unit, his division has 3 investigators working to reduce illegal tobacco activity.
- So far, OTP (Other Tobacco Products) are taking off and are a big issue in CT.
- Mr. Anderson broke down the monetary differences, and key factor for the popularity, in the illicit tobacco trade. In Virginia, 60 packs of cigarettes cost \$138. The same 60 packs in CT with tax in CT cost \$2,000.
- Mr. Anderson also mentioned that out-of-state OTP is making its way into CT from Pennsylvania through unlicensed distributors. Currently, there is no tax on OTP in PA.
- CT is looking to come up with legislation to deal with different scenarios, which they are modeling from RI statutes.

## **Other Business**

- Mr. Chattopadhyay drew the board's attention to their packets which included sample Interdepartmental Service Agreements, which outline responsibilities of each member agency. Mr. Chattopadhyay will reach out to each agency individually to talk about the agreements.
- The next meeting is February 9, 2016. Mr. Chattopadhyay proposed that subsequent meetings be held March 8, 2016 and April 7, 2016, at the same time and place.

Meeting was adjourned at 12:40pm by Mr. Chattopadhyay.