

Newsroom: Press Releases

Senators Lautenberg, Durbin, Harkin, and Blumenthal Introduce Legislation to Stop Tobacco Smuggling, Close Tobacco Tax Loopholes, and Increase Federal Tobacco Taxes Legislation Would Combat Youth Smoking and Raise Revenues for Children's Programs

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WASHINGTON, D.C.— U.S. Senators Frank R. Lautenberg (D-NJ), Dick Durbin (D-IL), Tom Harkin (D-IA), and Richard Blumenthal (D-CT) have introduced the “Tobacco Tax and Enforcement Reform Act,” legislation that would reduce illegal tobacco trafficking, eliminate tax disparities between different tobacco products, and increase the federal excise tax rate on tobacco products. The legislation lays out a comprehensive set of reforms that would help the federal government and states collect billions of dollars in tobacco tax revenues, which currently fund children's health insurance programs, while also helping to lower youth tobacco consumption and combat criminals and terrorists who profit from the illegal trade of tobacco.

“Black market cigarette sales and tobacco tax loopholes are robbing our public coffers of funding we need to support vital programs for children,” said Lautenberg. **“This legislation not only raises revenue for critical children’s health programs, it will also lower youth smoking, because we know that youth tobacco consumption falls when tobacco taxes rise. I look forward to working with my colleagues and the Obama Administration to advance it in the Senate.”**

“Under current law, loopholes in the taxes on tobacco products and insufficient regulations regarding tobacco trafficking mean that cheaper sources of tobacco remain too easily accessible to children and teens. Curbing tobacco use by our kids is an achievable goal and with these reforms, we can help spare future generations of young people from this deadly epidemic,” said Durbin.

“This bill will help keep cancer-causing tobacco products away from kids, and enable the government to collect taxes that fund tobacco cessation programs and other important health initiatives,” Harkin said. **“Tobacco taxes are a critical source of funding for states, and at a time when budgets are tight at every level, they can’t afford to lose billions of dollars to black market tobacco sales.”**

“This measure will help to stop tobacco tax disparities and, in keeping with

the President's budget blueprint, raise taxes on all forms of tobacco – decreasing the likelihood that children will become addicted to this life-shortening product while also raising revenue for states and the federal government. Additionally, the labeling reforms required by this measure will help law enforcement better identify criminals and terrorists who profit from the illegal trade of tobacco – strengthening our national security and keeping us safe from harm,” said Blumenthal. **“For years the tobacco industry maliciously misled consumers about the harmfulness of tobacco, and I'm proud to sponsor a measure that will equitably tax all forms of this product for the public good.”**

The “Tobacco Tax and Enforcement Reform Act” corrects tax disparities between tobacco products. Under current law, small cigars and roll-your-own tobacco products are taxed at the same level as cigarettes; however, cigars, smokeless tobacco, and pipe tobacco are taxed at a dramatically lower rate. In addition, the bill would raise the tax rate on all tobacco products by 93 percent, which is consistent with President Obama's budget proposal to raise tobacco taxes.

The bill also addresses the serious and growing problem of illegal tobacco trafficking, which according to the U.S. Department of Justice, results in at least \$5 billion in lost revenue annually for federal and state governments. The bill would require that packages of tobacco products be uniquely marked to aid law enforcement efforts to track and trace tax payments on tobacco products. It bans the sale, lease, and importation of tobacco product manufacturing equipment to unlicensed persons. The bill prevents the illegal re-entry of tobacco products intended for export by requiring export warehouse proprietors to file reports with the Treasury Department. It also increases penalties for violating the law and establishes new offenses.

Senator Lautenberg is a longtime leader in the fight against Big Tobacco. His record on fighting the tobacco industry includes working with Senator Durbin to write the landmark laws that banned smoking on airplanes. Lautenberg also led the fights to ban smoking in federally-funded facilities, require stronger warning labels on cigarettes, and prevent tobacco companies from misleading smokers into thinking that so-called “light cigarettes” are healthier than regular cigarettes.

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