



Scott Walker
Governor

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Secretary of Revenue

For Immediate Release
September 23, 2011

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Revenue Issues Notice to Roll Your Own (RYO) Retailers to Follow the Law

The Wisconsin Department of Revenue is issuing notice to roll your own (RYO) cigarette retailers across the state that they must follow Wisconsin law and regulations if operating a RYO machine. The agency is taking this action to protect responsible small businesses that are following the state's laws and regulations, and it encourages RYO retailers to voluntarily comply with the law.

According to state law, if a retailer or the retailer's customer operates a RYO machine on the retailer's premises to make cigarettes with loose tobacco, the retailer is both a cigarette manufacturer and distributor.

State law requires the retailer to:

- Obtain both manufacturer and distributor permits from the Wisconsin Department of Revenue. A retailer needs the cigarette manufacturer permit because its business involves producing cigarettes with loose tobacco, as well as a distributor permit to ensure that all cigarette packages the customer leaves the retail premises with are affixed with the appropriate Wisconsin cigarette tax stamps.
- Sell more than 50% of the RYO cigarettes wholesale to other retailers or vending machine operators, and retailers cannot own, control or operate these other entities. This is necessary only if retailers wish to continue selling RYO cigarettes directly to customers.
- Obtain certification from the Wisconsin Department of Justice to be placed on its approved directory of cigarettes for sale in Wisconsin in order to comply with state law and regulations.
- Obtain certification from the Wisconsin Department of Safety and Professional Services that these cigarettes meet the fire safety performance standards.

The Department has notified retailers about their legal obligations by sending them a notice by certified mail. Revenue agents will also be going on-site to the RYO retailers. The Department estimates there are approximately 50-100 RYO machines in Wisconsin, based upon online retailer information and reports to the agency.

If you are aware of a retailer with a RYO machine, please contact Revenue's Alcohol & Tobacco Enforcement Unit at (608) 266-6757 or DORAlcohol&TobaccoEnforcement@revenue.wi.gov. Your contact remains confidential, and the agency will notify the RYO retailer of its legal obligations so it can become compliant with the law.

- END -

NOTE TO MEDIA: *a copy of the notice issued to RYO retailers is on page two.*



State of Wisconsin ● DEPARTMENT OF REVENUE

2135 RIMROCK ROAD • PO BOX 8933 • MADISON, WI 53708-8933 • PHONE (608) 266-6757
DORAlcohol&TobaccoEnforcement@revenue.wi.gov • ALCOHOL AND TOBACCO ENFORCEMENT UNIT

September 22, 2011

Permits Required for Roll Your Own (RYO) Cigarette Machines

This is to inform you that Wisconsin laws and regulations prohibit operating a Roll Your Own (RYO) machine for purposes of making cigarettes with loose tobacco, unless certain legal requirements are met.

Under state law, if a retailer **or** the retailer's customer operates a RYO machine on the retailer's premises to make cigarettes with loose tobacco, **the retailer** is both a cigarette manufacturer and distributor.

This requires the retailer to:

- Obtain both manufacturer and distributor permits from the Wisconsin Department of Revenue. Retailers need the cigarette manufacturer permit because its business involves producing cigarettes with loose tobacco, as well as a distributor permit to ensure that all cigarette packages the customer leaves the retail premises with are affixed with the appropriate Wisconsin cigarette tax stamps. (Sec. 139.30 et seq., Wis. Stats.)
- Sell more than 50% of the RYO cigarettes wholesale to other retailers or vending machine operators, and retailers cannot own, control or operate these other entities. This is necessary only if retailers wish to continue selling RYO cigarettes directly to customers.
- Obtain certification from the Wisconsin Department of Justice to be placed on its approved directory of cigarettes for sale in Wisconsin in order to comply with state law and regulations. (secs. 995.10 and 995.12, Wis. Stats. and Sec. Jus. 16, Wis. Adm. Code)
- Obtain certification from the Wisconsin Department of Safety and Professional Services that these cigarettes meet the fire safety performance standards. (sec. 167.35, Wis. Stats.)

Retailers who fail to meet the above requirements could face fines, penalties, permit revocation, imprisonment, and/or seizure of the tobacco and other personal property used in this activity.

If you are aware of any retailer with a RYO machine who may not have complied with the above requirements, please contact our Alcohol & Tobacco Enforcement Unit at (608) 266-6757 or DORAlcohol&TobaccoEnforcement@revenue.wi.gov.

Thank you for your cooperation,
Wisconsin Department of Revenue