

THE TOBACCO INSTITUTE

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E. J. BATTISON, Ph.D.
Economist

Sept. 10, 1984.

To: Roger Mozingo Michael Kerrigan
Hurst Marshall

cc: Duhaime, Milway, Kramer

re: The National Tobacco Tax Association
Meeting In New York City

The NTTA meeting was of interest because, to the surprise of some state tax administrators, the tobacco company officials, and me, the general mood was an about-face from Montana in 1983. The theme in New York City was that "organized bootlegging has been knocked down if not out, and the other problems at least in some states are not serious." This simple view arises from the marked increase in all state tax revenues due to the economic recovery everywhere. If we have sufficient state tax revenues, we are being successful at enforcement, collection, and the like!!!

Although conditions have improved, behind this facade, several individuals privately admitted that they have serious casual smuggling, be it from Indian or military or interstate sales. In some of these states, these problems are on the increase. In others, vigilance and enforcement efforts seem to have been decreased, so they don't really know the extent of the problems.

In any case, the speakers from California (J.T. Dodson, Ass't Exec. Sec. in Dept. of Business Taxes), and W. Wigglesworth (Chief Enforcement Agent of Revenue Services in Connecticut) both presented simplified pictures that indicated no problems, decreased smuggling, crime diversion to other more lucrative interests, few arrests, and reasonable revenue returns. Note that these descriptions come from the last persons who would even admit they have a problem, in two of the most obviously problematical states.

All of these views naturally exclude the serious additional problems of great concern to manufacturers, wholesalers, retailers, and smokers— which are burglaries and shoplifting that are widespread but do not affect state tax revenues. That is why these other problems are not discussed at NTTA meetings, but smokers have to pay more to overcome these losses.

As usual, the state administrators are more concerned with the great problems that the cigarette companies have caused them by introducing 25 packs, requiring special stamps and indicia.

Dan Breard stood up for the manufacturers whom he said provided the opportunity to states to collect large amounts of tax revenues from cigarettes. This was met largely by silence, but Dan (Wash. state administrator) was like a bull in a china shop and is not the best person to have beat the drum.

Old acquaintances were renewed, and there are a lot of state tax administrators who would cooperate with us with data etc. if we ask.

There did not seem to be much of a presence from Brown & Williamson or American Brands this year.

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