

JOHN J. VIOLA
STATE REPRESENTATIVE
Twenty - Sixth District



HOUSE OF REPRESENTATIVES
STATE OF DELAWARE
LEGISLATIVE HALL
DOVER, DELAWARE 19901

COMMITTEES
Gaming & Pari-mutuels, Chair
Revenue & Finance, Chair
Capital Infrastructure
Economic Development,
Banking, Insurance &
Commerce
Housing & Community Affairs

Revenue and Finance Committee
Meeting Minutes
June 2, 2010

Chairman Viola called the meeting to order at 5:02 p.m. Members present included Vice Chair Keeley, Reps. Hudson, Ramone, and B. Short.

Chairman Viola chose to address **HB 408 AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO TOBACCO PRODUCT TAX**. Chairman Viola explained that about \$3,000 worth of untaxed tobacco is sold by the Division of Finance each year under current law while most is sent to a landfill. Importantly, the Division of Revenue and Finance is in support of the bill. One of the main motives for the bill is the protection of consumers from counterfeit tobacco products that under current law could be reintroduced into the market after being sold by sealed bid to the highest bidder. These products can be manufactured in China or Russia with no regulation or quality guarantees. Two packs of cigarettes were passed around, one counterfeit and one legitimate, to show committee members how difficult it is to tell the difference.

Molly Slingerland then addressed the committee on behalf of Altria Client Services. Altria Group's tobacco companies include: Philip Morris USA, U.S. Smokeless Tobacco Company, and John Middleton Company. With the new legislation, Altria will pick up confiscated tobacco products and destroy them at their headquarters. Altria also has an interest in keeping contraband tobacco products out of the market due to consumer safety concerns and harm to Altria's brands.

Rep. Ramone then asked Ms. Slingerland if in her experience more seized products are counterfeit or smuggled. Ms. Slingerland responded that it is difficult to give an estimate because they "see it all."

Chairman Viola also mentioned that the state incurs expenditures while storing and maintaining the seized tobacco products before they are sold by the Division of Finance. The proposed legislation will free up state resources, as Altria will adopt the responsibility to destroy the seized products.

Rep. Hudson motioned to release the bill; Rep. Ramone seconded the motion. The bill was released from committee on a 6-0-0 vote.

Chairman Viola adjourned the meeting at 5:14 p.m.

Respectfully submitted,
Kaylynn Palaio