

**The following documents were  
distributed by a member of the public.**

**No action was taken by the  
Commission.**

Hand at  
from John  
Kelly  
7/3/12

**Dear, Congresswoman Loretta Sanchez**

**We the members of the Children & Family Commission of Orange County are calling upon you to tidy up the Anthony Weiner sponsored Pact Act of 2010.**

**The Pact Act of 2010 does not cover cigars per the Internal Revenue Code #5702. This allows for 1800J.R. Cigars (Altadis U.S.A., the largest cigar company in the world, a European Company to sell their cigars in California without reporting their sales to our State confiscators (California Board of Equalization ). This flaw in the Pact Act of 2010 cheats the Family & Children Commission of Orange County out of huge sums of monies that are rightfully belonging to our service.**

**Our state confiscators ( B.O.E. ) have stated that they cannot fully enforce Prop 10 because of the Pact Act of 2010. The exclusion of Cigars per IRS Code #5702 impedes their ability to do so. It makes no sense that the most affluent California residents can purchase mail order cigars out of state the most opulent form of tobacco without Excise and Sales Tax.**

**IRS #5702 and the Pact Act exempts ( Don Diego Playboy Cigars ) without having to contribute to our Commission while lower income folks that smoke cigarettes must pay since the 1949 (Jenkins Act ).**

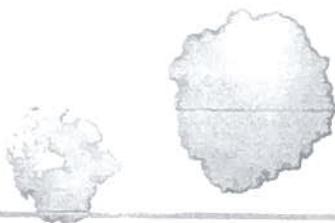
**Since Prop 10 was passed by Californians in 1998 the Board has not received a red cent from J.R.Cigars a North Carolina vendor!**

~~Please get the Anthony Weiner Pact Act of 2010 tidied up so~~  
that our California confiscatory agents can do their job more completely.

No need for further consultations with your Blue Dog Democrat Colleagues in the south. No more delay! This is not String Theory or Quantum Mechanics!!! Take Action Now!!!

Sincerities

The Children and Families Commission of Orange County



**Federation of Tax Administrators  
Tobacco Tax Section  
RESOLUTION NUMBER SEVEN  
Hilton Hartford  
Hartford, Connecticut  
August 29, 2012**

*Hartford  
from  
John Kelly  
7/3/13*

**WHEREAS**, the Federation of Tax Administrators strives to promote uniformity of cigarette and tobacco tax administration, and

**WHEREAS**, the states strive to minimize tax evasion and act as an information resource for stakeholders, and

**WHEREAS**, Congress and the state legislatures have enacted cigarette and tobacco enforcement legislation to curb tax evasion and illegal trafficking in cigarette and tobacco products, such as the Jenkins Act and subsequently the PACT Act which amended and fortified the provisions of the Jenkins Act; and

**WHEREAS**, intergovernmental cooperation across state and national borders is an effective and indispensable tool in curbing illegal cigarette and tobacco trafficking and tax evasion; it has become evident that an expansion of these Acts will be necessary to encompass all tobacco products, specifically cigars and pipe tobacco; and

**WHEREAS**, despite the State's diligent efforts to implement Jenkins and PACT Act provisions to stem tax evasion and unlawful distribution, it has become increasingly evident that an expansion of these statutes is necessary to incorporate cigar and pipe tobacco product for the proper application of each State's cigarette and tobacco tax programs and to protect the retail tobacco industry.

**NOW, THEREFORE, BE IT RESOLVED**, that the delegates of the 86<sup>th</sup> annual meeting of the Federation of Tax Administrators, Tobacco Tax Section held in Hartford Connecticut adopt the position to support all legislative efforts to amend and/or expand federal statutes to incorporate cigars and pipe tobacco into the PACT Act or for the creation of an equivalent statute.

**PRESENTED** this 29<sup>th</sup> day of August 2012, at the Hilton Hartford in Hartford, Connecticut.

**The Federation of Tax Administrators - Tobacco Tax Section**

---

**Jim McKeon, Secretary**

P R E S E N T

1

2

3 For the Board  
of Equalization:

Jerome E. Horton  
Chairman

4

5

Michelle Steel  
Vice-Chairwoman

6

7

Betty T. Yee  
Member

8

9

George Runner  
Member

10

11

Marcy Jo Mandel  
Appearing for John  
Chiang, State Controller  
(per Government Code  
Section 7.9)

12

13

14

Joann Richmond  
Chief  
Board Proceedings Division

15

16

17

For Staff:

David Gau  
Deputy Director  
Property and Special Taxes  
Division

18

19

20

21

Lynn Bartolo  
CEA, Property and Special  
Taxes Division

22

23

24

---oOo---

25

1 450 N STREET  
2 SACRAMENTO, CALIFORNIA  
3 MARCH 13, 2013

4 ----oOo---

5 MR. HORTON: Ms. Richmond.

6 MS. RICHMOND: Our next item is P4.2,  
7 Federation of Tax Administrators Tobacco Section  
8 Resolution.

9 MR. GAU: Again, David Gau and Lynn Bartolo  
10 for the record.

11 For my second item I'd like to present a  
12 Federation of Tax Administrators Resolution for your  
13 consideration and support.

14 As background, during the Federation of Tax  
15 Administrators annual tobacco sections meeting last  
16 August 2012, there was a resolution that was  
17 unanimously adopted by the State representatives that  
18 were in attendance, taking the position to support  
19 all legislative efforts to amend or expand -- expand  
20 the federal Prevent All Cigarette Trafficking Act,  
21 also known as the PACT Act.

22 The PACT Act, it was 2009, was signed into  
23 law March 31st of 2010. Prior to the enactment of  
24 the PACT Act, the Jenkins Act was the federal law  
25 central, really, to the regulation and oversight of

1 state lines.

2 State tax agencies could expect to receive  
3 transaction information from out-of-state sellers  
4 about the cigarettes being sold within their states,  
5 including Internet sales transactions, and it  
6 contains stiff penalties that could be enforced by  
7 federal or state officials for noncompliance. The  
8 Jenkins Act provisions focused entirely on  
9 cigarettes.

10 Now, the PACT Act enhanced the requirements  
11 of the Jenkins Act by expanding the provisions that  
12 had previously only applied to remote sellers of  
13 cigarettes -- of cigarettes to remote sellers of  
14 smokeless tobacco, requiring them to comply with the  
15 same laws that apply to local cigarette and tobacco  
16 retailers.

17 Now, the PACT Act has been an effective tool  
18 to assist the State's efforts to minimize the tax  
19 evasion, and among other things, but its provisions  
20 do not extend to all tobacco products such as cigars  
21 and pipe tobacco.

22 The resolution of which you were provided  
23 will be presented to the FTA's Executive Board for  
24 consideration for formal adoption when they meet in  
25 June of 2013, this summer.

1 MR. HORTON: Discussion, Members?

2 Member Yee.

3 MS. YEE: Excuse me. Thank you, Mr.

4 Chairman.

5 I, um, support, um, this resolution for a  
6 number of reasons. I think certainly California has  
7 been trying, on our own, to get a handle around other  
8 tobacco products. And I think having the, uh,  
9 strength of the, uh -- support of the FTA and  
10 certainly other states' interest in this is something  
11 that I think is a good way to go with respect to  
12 getting federal attention on this.

13 MR. HORTON: Thank you. I agree.

14 Further discussion, Members?

15 Hearing none, is there a motion?

16 MS. YEE: Yeah.

17 MR. HORTON: Moved by Member Yee, second by  
18 Member Mandel, to adopt staff recommendation.

19 Without objection, Members, such will be the  
20 order.

21 Thank you for your presentation.

22 MR. GAU: Thank you.

23 ---oOo---

24

25

1 REPORTER'S CERTIFICATE

2

3 State of California )

4 ) ss

5 County of Sacramento )

6

7 I, KATHLEEN SKIDGEL, Hearing Reporter for  
8 the California State Board of Equalization certify  
9 that on March 13, 2013 I recorded verbatim, in  
10 shorthand, to the best of my ability, the proceedings  
11 in the above-entitled hearing; that I transcribed the  
12 shorthand writing into typewriting; and that the  
13 preceding pages 1 through 5 constitute a complete and  
14 accurate transcription of the shorthand writing.

15

16 Dated: March 27, 2013

17

18

19

---

KATHLEEN SKIDGEL, CSR #9039

20

Hearing Reporter

21

22

23

24

25