

**Colorado Association of Distributors, Inc**

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**HB1173**

**CONCERNING EFFORTS TO REDUCE CONTRABAND TOBACCO PRODUCTS**

*The objective of this bill is to enable the state to collect tobacco taxes that are currently being avoided, and to eliminate unfair competition for businesses that pay the required taxes. Also, to better insure the states compliance with the Master Settlement Agreement.*

- *The bill makes any party in possession of unstamped cigarettes, other than a licensed wholesaler, responsible for the taxes not paid by the seller of such cigarettes. It establishes a process to enable the holder of unstamped cigarettes to report and remit the taxes.*
- *The bill adds civil penalties for failure to report and pay the required taxes.*
- *The bill places requirements on the parties that ship tobacco products to collect information to insure they are not selling to underage purchasers and adds requirements that the shipping package contain a message advising the purchaser that the sale has been reported to the Department of Revenue and that the purchaser is responsible for the tax.*
- *The bill establishes the requirement that shippers other than licensed wholesalers report shipments into the state on a monthly basis to the Department of Revenue.*
- *The bill increases the penalties for possession of cigarettes not in the directory published by the Department of Revenue. The unlisted cigarettes would be brands not included in the escrow payments required to properly comply with the Master Settlement Agreement.*
- *The bill clarifies the responsibility of retailers to maintain records of other tobacco purchases and produce them to the Department of Revenue on request to document the fact that the product was purchased from a licensed distributor who paid the tax.*
- *The bill increases the penalties for possession of tobacco products where the proper tax has not been paid.*
- *The bill creates a "Tobacco Tax Enforcement Cash Fund" that would receive the penalty monies and a portion of the recovered tax revenue to fund the administration and enforcement of the requirements of the bill.*

**WE REQUEST YOUR FAVORABLE VOTE ON THIS BILL**

*Member Companies*

*Amcon Distribution Co, Omaha, NE \* Bradford Distributing, Salida, CO \* CashWa Distributing, Kearney, NE  
The Cigarette Stores, Boulder, CO \* Core-Mark International, Denver, CO \* Creager Mercantile, Denver, CO  
McLane Western, Longmont, CO \* S R Flaks Company, Colorado Springs, CO \* Smoker Friendly International, Boulder, CO*

*Officers*

*Chip Creager, Creager Mercantile, President \* Matt Gerhard, Core-International, Vice-President  
Chris Skelly, Secretary/Treasurer, Wilson Croom, Executive Director*