

Heads up on some bad legislation.

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This was posted on Cigar Family by Lew Rothman.

Everyone and I mean everyone that even smokes a cigar now and then has to be on alert for messages from all B&M smoke shops AND Internet vendors AND Manufacturers in the next few days regarding the proposed new tax on tobacco products:

“The Senate Finance Committee has scheduled a markup on Tuesday, July 17 on legislation dealing with the State Children's Health Insurance Program (SCHIP). The measure is expected to be reported out of committee. Funding would be almost totally via higher taxes on tobacco products. The cigarette tax will increase by \$.61 to \$1 per pack effective after December 31, 2007. Other tobacco products would be taxed as follows: large cigars -- 53.13% of mfr's or importer's sales price but not more than \$10.00 per cigar.”

In addition, there will be a floor stocks tax on tobacco products manufactured in the U.S. or imported into the U.S, which are removed before January 1, 2008 and held on that date for sale. The person holding the product on January 1, 2008 is liable for the tax to be paid on or before April 1, 2008.

YES ! You read that right ! \$10.00 PER CIGAR, plus whatever your local state tax is. The people in Washington have absolutely no clue about the cigar business. Their sole focus is on cigarettes and we are about to get dragged along with it.

Not only will this put virtually every manufacturer, wholesaler, and retailer out of business. It will also devastate the economy of Nicaragua, Honduras, The Dominican Republic and have a significant impact on Puerto Rico, Indonesia, Costa Rica, Panama, Brasil, and Peru. (Whereupon, I'm sure the USA will be called upon to provide additional relief funding !).

You and everyone else who has any thoughts about continuing to smoke cigars or grow, sort, manufacture, distribute or retail cigars need to make a concerted phone, mail, and e-mail bombardment of Congress very shortly. Hopefully, someone more adept at interpreting this new tax law will supply the proper language for this protest.

Be ready and be vocal, and be outraged because this tax is definitely outrageous. It is my firm belief that if passed as it stands right now the entire industry will collapse prior to April 1,2008 (appropriately named April Fools Day) because no one will have the finances to pay the tax on their inventory.

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