



The Leaf Sheet



Volume 10

JANUARY 2018

A New Year Message from National Chair, Jim Oliver

Inside this issue:

Messages from the National Chair & Uniformity Committee Co-chairs	1
Upcoming Meetings	1
Uniformity Subcommittee Updates	2 - 4
Training & Development Opportunities	5
Regional & Tax Section Officers & More!	5 - 6

* Upcoming Meetings:

- * Central Region
Springfield, IL
April 9—11, 2018
- * Uniformity Meeting
Portsmouth, VA
April 18—19, 2018
- * Western Region
Jackson, WY
May 1—3, 2018
- * Northeast Region
Providence (Warwick), RI
May 22—24, 2018
- * Southern Region
Montgomery, AL
June 12 — 14, 2018
- Uniformity Meeting
Orlando, FL
August 17—18, 2018
- Tobacco Annual Meeting
Orlando, FL
August 19—22, 2018

Happy New Year!

...Or is it Groundhog Day? It was our hope that Richard Parrott of California would be addressing everyone as the new national chair. However, California has bigger plans for our friend and colleague and he



accepted another position in their administration of the Marijuana Tax Program. We wish him the best in his new endeavors!

I hope everyone had a wonderful 2017 Holiday Season and that you are still following through with your 2018 New Year's resolutions. Personally, I am afraid my 2018 resolutions are nothing more than a

reiteration of my failed 2017 resolutions...

The FTA Tobacco Tax Section has a full slate for 2018. We have the regional and annual conferences, Uniformity committee and subcommittee meetings, and training opportunities. As always, I encourage you to engage and participate in these activities. Your involvement is essential to the success of our Tobacco Tax Section. I think this is a particularly dynamic time in our organization as we see another changing of the guard on the horizon. Some of us are getting rather 'long in the tooth' and will be retiring soon. You know who you are... and yes, I see the gray beard in my mirror.

To the next generation that is stepping forward I say 'Thank you'. Your innovation with computers and data handling are going to take this industry to new heightened levels of report-

ing and compliance. I look forward to watching your progress from the sidelines. In my home state of Kentucky we are on the cusp of rolling out our tobacco tax electronic filing system. It is with some pride that I can say the system will be in conformity with the work of the Tobacco Tax Uniformity Committee.

I want to offer my sincere appreciation to all our Uniformity Committee and Subcommittee Co-Chairs for their dedication and hard work. A huge thank you to Cindy Anders-Robb for her tireless work shepherding all our efforts. It is a pleasure to work with you and serve as your national chair. Please feel free to reach out to me if I can be of assistance. Do not worry, if your questions are beyond me, I will turn them over to Jeanne Thompson for assistance and resolution.

God Bless, Jim



Message from the Uniformity Committee Chairs — Hillary Bunker and Tim Harris

Tim and I are looking forward to starting a new year of Uniformity in 2018, with the first meeting in San Antonio in January. Last

year was filled with 'firsts' for the Committee- the first time we've used a webinar for our technical breakout session, the first time we

had group breakouts to cover case studies using actual cases, and the introduction of the Tobacco Tax Information by State (TTiBS) (cont'd pg 2.)

Message from Hillary and Tim, (continued from page 1).

document. Both state and industry are watching Kentucky in 2018 to see and hear how the first roll out of Uniformity goes. During the San Antonio meeting, Kentucky will be offering an updated perspective on how their process is going and the next steps to be taken.

If you missed the annual meeting in Spokane, we had an awesome turnout and the subcommittees outdid themselves with breakout topics, their overall sessions, hands on activities, and general information updates. We are expecting great things from each subcommittee in 2018!

Please check out our **updated** website

at www.taxadmin.org for information on meetings, who the co-chairs are, and what electronic documents you can view. If you have not viewed the TTIBS publication yet, we highly recommend you review it to see what other states are doing for tax rates, licensing guidelines, and general contact information, among other things.

Please reach out to either of us, or any subcommittee member, if you have questions related to Uniformity, how you can get more involved, or when the next meeting will be. If you have any ideas for topics to discuss at the Uniformity meetings, we always wel-



come your input and encourage your suggestions.

- Hillary and Tim

NEW in 2018, Forms and Technology Subcommittees Merge!

The August Uniformity meeting in Spokane was the last time the “Forms Subcommittee” presented as a separate Uniformity Subcommittee. Barbara Stoenner announced her resignation as government co-chair of the Forms Subcommittee as she will be devoting her energy to helping Oregon implement FTA Uniformity. The co-chairs would like to thank both Barbara (Forms) and Mark Tri-

plett (Technology) for their service as Uniformity subcommittee co-chairs and we look forward to their continued input to the uniformity ef-

forts. Effective the next Uniformity meeting in San Antonio the Forms and Technology Subcommittees will be merged.

“Effective the next Uniformity meeting in San Antonio the Forms and Technology Subcommittees will be merged.”

The Forms Subcommittee Update

During the August Uniformity meeting, the Forms Subcommittee coordinated a break-out session for participants to gain hands-on experience with the uniform cigarette schedules. Sample taxpayer data was provided including vendor and customer invoices, beginning and ending cigarette stick and stamp inventory balances, and other cigarette adjustments. Working in groups, partici-

pants attempted to use the sample data to complete each of the uniform cigarette schedules – the Transaction Schedule, Stamp Schedule and Cigarette Inventory Schedule.

To complete the Transaction Schedules, participants had to classify the sample invoices by Schedule Code and input cigarette data from the invoices

into the appropriate data fields on the Transaction Schedule. This experience caused an “Aha!” moment when participants realized that more information is requested on the Transaction Schedule than is included on a typical invoice, (i.e., UPC number, brand family, quantity in sticks/packs, and Manufacturer name and FEIN).

(cont'd on pg. 3)

The Forms Subcommittee Update, (continued from page 2).

Participants then had to figure out where each of the other pieces of taxpayer data should be input to the Uniform cigarette forms. There was a lot of discussion as to whether cigarette adjustments, (i.e., tax stamps damaged during the stamping process, etc.) even need to be reported. In summary, the break-out was a successful learning experience for all. - **Barbara and Helen**

"[P]articipants ... gain[ed] hand's on experience with the Uniform cigarette schedules... This experience caused an "Aha!" moment ...!"

The Communications and Legislations Subcommittee Update

The Communication and Legislation co-chairs, Don Anderson (ID) and Dawn Evans (McLane), would like to thank all the states that have responded to the Tobacco Tax Questionnaire used to create the Tobacco Tax Information by State (TTiBS) publication. We are excited to report that as of this writing, 40 states have responded! Many great ideas to enhance the TTiBS came out of the Spokane meeting. You will find those in the next TTiBS publication set to come out in August 2018.

Good discussion took place in Spokane regarding legislative changes at the federal, state, and city levels.

We are seeing cities place restrictions on menthol tobacco and flavored tobacco. In New York City a bill passed to raise cigarette tax and ban tobacco sales in pharmacies. At the state level, more states are implementing Tobacco 21. In 2017, the FDA extended the deadline to submit the Deemed Tobacco Product Application to August 8th, 2021 for combustible prod-

ucts and August 8th, 2022 for non-combustible products. A discussion also took place on warning plans due for cigars, how the Deeming Rules survived the first court challenge, and heat-not-burn (IQOS, BAT-Glo) is definitely on our radar.

Wishing you all the best in this upcoming New Year.

We look forward to another robust dialogue in San Antonio!

~ **Don and Dawn**

TOBACCO
~~eighteen~~ twenty-one

Fun Facts from Jerry Leonard -OK DOR

- Did you know smoking was invented by Brazilians almost 2,000 years ago. They made the first cigarette by rolling tobacco leaves in paper.
- The word "Nicotine" comes from the last name of Jean Nicot, the French ambassador to Portugal who brought tobacco and smoking to the French court as a medicine in the 16th century.
- Chinese form 1/3 of the smoking population of the world. In fact Chinese smokers outnumber the entire population of the United States.
- Did you know that sugar and cocoa are often added to cigarettes, a fact many diabetic smokers are unaware of.
- Cigarettes are the most traded item in the world.
- The cigarette lighter was invented before the match!



Compliance Subcommittee Update

The Compliance Subcommittee reviewed the engagement plan focused on gaining state attendance at Uniformity Committee meetings. The plan is a multi-pronged approach that engages stakeholders, seeks to expand compliance, and focuses on education and participation. The Compliance Subcommittee discussed the merits of the engagement plan and the importance of uniformity in reporting and sharing information across states. Everyone agreed the use of the engagement strategy tools could help identify where states are in their current processes. Suggestions included reaching out to states to determine specifics on why it is important for

that state to participate as well as to determine what format states are using, or intend to use, for electronic filing as FTA supports XML.

The Compliance Subcommittee conducted small group breakout sessions to discuss and analyze a series of tobacco data on retail markets to determine averages and trends versus diversion data.

Discussion was also held regarding the use of a State Cigarette/Tobacco License and Registration Listing that both State and Industry can use to obtain license and registration listings

to ensure the most recent information is given for use in the electronic filing systems. This listing will assist states and industry as a familiar uniform form. Discussion will continue at the upcoming Uniformity meeting.

Please reach out to either of us if you have any input or would like to become more involved with the Compliance Subcommittee. We greatly appreciate everyone's efforts and look forward to seeing and hearing from everyone throughout the year.

~ **Jeanne and Sissy**

Technology Subcommittee Update

The Technology Subcommittee had a chance to host a webinar in Spokane, WA. This webinar, designated as a technical session, allowed for additional government and industry members to participate that otherwise would not have been able to attend in person as anyone who registered could interact with the other conference attendees via the Internet. During this session, a few changes to the schemas were approved. The discussion also led to identifying additional items needed

such as: An Xpath Document, Data Exchange Schemas, and a revised filing guide. The webinar was a great way to bring together interested parties in both government and industry to continue to build the resources needed for uniformity in the elec-

tronic reporting. The Technology Subcommittee also presented the implementation process and gave some suggestions to consider when a state is faced with the task of switching to electronic reporting.

~ *Kara and*

Mark



Welcome to San Antonio, Texas! Did you know...?

- San Antonio is the most visited city in Texas
- Church's Chicken first opened in San Antonio
- San Antonio is home to America's second oldest park
- The San Antonio Zoo is the third largest in the US
- The Alamo is the most visited attraction in all of Texas
- San Antonio is home to the oldest church in Texas
- San Antonio has a 10-day festival
- The Tower of Americas can be seen from all over San Antonio
- San Antonio is the 7th largest city in the U.S.



Training & Development Opportunities

November 5 – 9, 2017 FTA Tobacco Basic Training Richmond, VA. 50+ state & industry attendees trained on tobacco terminology, distribution of products, taxation, legislation, Master Settlement Agreement (MSA), compliance, auditing, etc. Altria also provided a tour of their cigarette manufacturer facility.

March 11 – 16, 2018 & March 18 – 23, 2018 FTA & TTB's Intelligence Division will offer Advanced Tobacco Diversion Training in Cincinnati, OH. Gov't Only. 2 sessions/same course. Attendees will identify & develop tax fraud & diversion cases in a close to real-life setting that incorporates both state & federal violations. Upon course completion, participants will be able to identify indicators of diversion & financial fraud, MSA compliance, state & federal resources & techniques for investigating diversion and fraud, & assemble a case report for presentation to a US Attorney.

Uniformity Chairs

Hillary Bunker
State of Nevada

Tim Harris
Eby Brown Company LLC



Subcommittee Chairs

Communication and Legislation

Don Anderson
State of Idaho

Dawn Evans
McLane Company Inc.

Compliance

Jeanne Thompson
State of Kentucky

Sissy Sawyer
Altria Client Services

Forms and Technology

Kara Parga
State of Nebraska

Helen Hayes
Core-Mark International Inc.

Tobacco Regional Officers

Central Region

Brian Schumacher, North Dakota
Governor

Rebecca Piroutek, South Dakota
Lt. Governor

Aaron Allen, Illinois
Secretary

Northeastern Region

Jim Galvin, Rhode Island
Governor

Deborah Cannon, Northern Virginia

Lt. Governor

Florence Sam, DC
Secretary

Southern Region

Michael Gilstrap, South Carolina
Governor

Mark See, Tennessee
Lt. Governor

Randy Winkler, Alabama
Secretary

Western Region

Shannon Johns, Oregon
Governor

Justin Scott, Texas
Lt. Governor

John Manning, Utah
Secretary

Tobacco Tax Section Officers

National Chair

Jim Oliver, Kentucky

National Vice Chair

Deborah Cannon, Northern Virginia

National Secretary

Gerald Robinett, Missouri



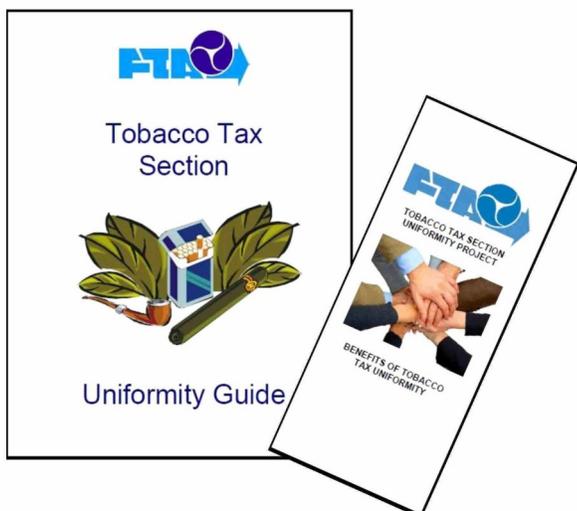
The Leaf Sheet

This edition of **The Leaf Sheet**
edited by
Don Anderson
and **Dawn Evans**

FTA Tobacco Tax Section Manager
Cindy Anders-Robb, FTA
(307) 632-4144

FTA Tobacco Tax Section Uniformity Committee Mission Statement

Provide an opportunity for government and industry to partner for the efficient and effective reporting and remittance of tobacco taxes, to minimize tobacco tax evasion, and to act as



www.taxadmin.org

