54:40A-15 LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library					
LAWS OF:	2001	CHAPTER: 396			
NJSA:	54:40A-15 (Cigarette packages—tax stamp))	
BILL NO:	S2741 (Substituted A3836)				
SPONSOR(S):					
	UCED: November 26, 2001				
COMMITTEE:					
-	SENATE: Commerce				
AMENDED DU	RING PASSAGE		Yes		
DATE OF PAS	SAGE:	ASSEMBLY: January 7, 2002; reenacted January 7, 2002			
SENATE: December 17, 2001; reenacted January 7, 2002					
DATE OF APPROVAL: January 8, 2002					
FOLLOWING ARE ATTACHED IF AVAILABLE:					
FINAL TEXT OF BILL (1st reprint enacted)					
	(Amendments during passage denoted by superscript numbers)				
S2741					
SPONSORS STATEMENT: (Begins on page 3 of original bill)					Yes
	COMMITTEE S	STATEMENT:		ASSEMBLY:	No
				SENATE:	Yes
	FLOOR AMENDMENT STATEMENTS:				No
LEGISLATIVE FISCAL ESTIMATE:					No
A3836					
	SPONSORS STATEMENT: (Begins on page 3 of original bill) Yes				
		Statement identical to S2741)			
	COMMITTEE S	STATEMENT:		ASSEMBLY:	Yes
				SENATE:	No
	FLOOR AMENDMENT STATEMENTS:				No
LEGISLATIVE FISCAL ESTIMATE:					No
VETO MESSAGE:					Yes
GOVERNOR'S PRESS RELEASE ON SIGNING:					No
FOLLOWING WERE PRINTED:					
To check for circulating copies, contact New Jersey State Government					
Publications at the State Library (609) 278-2640 ext.103 or <u>mailto:refdesk@njstatelib.org</u>					
					No
					No
NEWSPAPER ARTICLES:					No

[First Reprint] SENATE, No. 2741 ______ STATE OF NEW JERSEY

209th LEGISLATURE

INTRODUCED NOVEMBER 26, 2001

Sponsored by: Senator LOUIS F. KOSCO District 38 (Bergen)

Co-Sponsored by: Assemblymen Merkt and Gregg

SYNOPSIS

Revises law delineating cigarette packages to which tax stamp may not be affixed.

CURRENT VERSION OF TEXT

As amended on January 7, 2002 by the Senate pursuant to the Governor's recommendations.



(Sponsorship Updated As Of: 1/8/2002)

1 AN ACT concerning cigarette packages to which the affixation of 2 cigarette tax stamps is prohibited, amending P.L.1948, c.65. 3 4 **BE IT ENACTED** by the Senate and General Assembly of the State 5 of New Jersey: 6 7 1. Section 405 of P.L.1948, c.65 (C.54:40A-15) is amended to 8 read as follows: 9 405. Distributors to affix stamps. 10 a. Unless stamps have been previously affixed, the stamps required 11 by this act shall be affixed to packages of cigarettes and canceled by 12 the licensed distributor within twenty-four hours of the receipt of all 13 unstamped cigarettes, exclusive of Saturdays, Sundays and legal 14 holidays, and prior to any and all deliveries except deliveries to points outside the State, deliveries by manufacturers to licensed distributors 15 16 and those deliveries which this State is prohibited from taxing under 17 the Constitution or the statutes of the United States. 18 b. Cigarette packages to which stamps shall not be affixed. 19 A distributor shall not affix a stamp to a package of cigarettes if the 20 package: (1) does not comply with <u>all requirements imposed by or pursuant</u> 21 to federal law regarding warnings and other information on packages 22 23 of cigarettes manufactured, packaged or imported for sale, distribution 24 or use in the United States, including but not limited to the permanent 25 imprinting on the primary packaging of such cigarettes of the package warning labels in the text and formats specified by subsections (a) and 26 27 (b), respectively, of section 4 of the "Federal Cigarette Labeling and 28 Advertising Act," Pub.L.89-92, 15 U.S.C. [s.1331 et seq., for the 29 placement of labels, warnings or any other information for a package of cigarettes to be sold within the United States] s.1333, and the 30 31 rotation of such labels in accordance with the provisions of subsection 32 (c) of that section; 33 (2) is labeled "For Export Only," "U.S. Tax Exempt," "For use 34 Outside U.S.," or other wording indicating that the manufacturer did 35 not intend that the product be sold in the United States; (3) has been altered, through placement of a sticker on the package 36 37 or other means, by adding or deleting wording, labels, or warnings 38 described in paragraph (1) or paragraph (2) of this subsection; 39 (4) contains cigarettes with respect to which no list of ingredients 40 used in their manufacture has been provided to the Secretary of Health 41 and Human Services as required by subsection (a) of section 7 of

EXPLANATION - Matter enclosed in **bold-faced** brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate amendments adopted in accordance with Governor's recommendations January 7, 2002.

1 Pub.L.89-92, 15 U.S.C. s.1335a; 2 (5) has been imported into the United States after January 1, 2000 3 in violation of 19 U.S.C. s.1681a or 26 U.S.C.s.5754; or 4 [(5)] (6) in any way violates federal trademark or copyright laws. 5 (cf: P.L.1999, c.328, s.1) 6 7 ¹[2. Section 607 of P.L.1948, c.65 (C.54:40A-30) is amended to 8 read as follows: 9 607. Unstamped cigarettes subject to confiscation. 10 a. All cigarettes, subject to the tax imposed by this act, to which stamps have not been affixed, as required by this act, and all cigarettes 11 12 stamped in violation of subsection b. of section 405 of P.L.1948, c.65 13 (C.54:40A-15) found in any place in this State are declared to be 14 prima facie contraband goods and may be seized by the director, the 15 director's agents or employees, or by any peace officer of this State, when directed by the director so to do, without a warrant. 16 17 b. The director may upon satisfactory proof direct the return of any 18 unstamped confiscated cigarettes when the director shall have reason 19 to believe that the owner thereof has not willfully or intentionally evaded any tax imposed by this act. Any unstamped cigarettes seized 20 21 under the provisions of this act shall be disposed of according to law. 22 Any purchaser of such cigarettes shall be required to affix stamps as 23 required by this act. 24 c. The director shall destroy any seized cigarettes that have been 25 stamped in violation of subsection b. of section 405 of P.L.1948, c.65 (C.54:40A-15)[; provided however that as an alternative the director 26 27 may resell such cigarettes to the manufacturer, but such cigarettes 28 shall be resold only for export or destruction]. d. The seizure and sale of any cigarettes under the provisions of 29 30 this section shall not relieve any person from a fine, imprisonment or other penalty for violation of any of the provisions of this act. The 31 32 director, the director's agents, employees, and any peace officer of this 33 State, when directed so to do, shall not in any way be responsible in any court for the seizure or the confiscation of any unstamped or 34 illegally stamped packages of cigarettes. 35 (cf: P.L.1999, c.328, s.6)]¹ 36 37 ¹[3.] <u>2.</u>¹ This act shall take effect immediately. 38

SENATE, No. 2741

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED NOVEMBER 26, 2001

Sponsored by: Senator LOUIS F. KOSCO District 38 (Bergen)

Co-Sponsored by: Assemblymen Merkt and Gregg

SYNOPSIS

Revises law delineating cigarette packages to which tax stamp may not be affixed.

CURRENT VERSION OF TEXT As introduced.



(Sponsorship Updated As Of: 1/8/2002)

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2
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1 AN ACT concerning cigarette packages to which the affixation of 2 cigarette tax stamps is prohibited, amending P.L.1948, c.65. 3 4 **BE IT ENACTED** by the Senate and General Assembly of the State 5 of New Jersey: 6 7 1. Section 405 of P.L.1948, c.65 (C.54:40A-15) is amended to 8 read as follows: 9 405. Distributors to affix stamps. 10 a. Unless stamps have been previously affixed, the stamps required by this act shall be affixed to packages of cigarettes and canceled by 11 12 the licensed distributor within twenty-four hours of the receipt of all 13 unstamped cigarettes, exclusive of Saturdays, Sundays and legal 14 holidays, and prior to any and all deliveries except deliveries to points 15 outside the State, deliveries by manufacturers to licensed distributors 16 and those deliveries which this State is prohibited from taxing under 17 the Constitution or the statutes of the United States. 18 b. Cigarette packages to which stamps shall not be affixed. 19 A distributor shall not affix a stamp to a package of cigarettes if the 20 package: (1) does not comply with <u>all requirements imposed by or pursuant</u> 21 to federal law regarding warnings and other information on packages 22 23 of cigarettes manufactured, packaged or imported for sale, distribution 24 or use in the United States, including but not limited to the permanent 25 imprinting on the primary packaging of such cigarettes of the package 26 warning labels in the text and formats specified by subsections (a) and 27 (b), respectively, of section 4 of the "Federal Cigarette Labeling and 28 Advertising Act," Pub.L.89-92, 15 U.S.C. [s.1331 et seq., for the 29 placement of labels, warnings or any other information for a package of cigarettes to be sold within the United States] s.1333, and the 30 31 rotation of such labels in accordance with the provisions of subsection 32 (c) of that section; 33 (2) is labeled "For Export Only," "U.S. Tax Exempt," "For use 34 Outside U.S.," or other wording indicating that the manufacturer did 35 not intend that the product be sold in the United States; (3) has been altered, through placement of a sticker on the package 36 37 or other means, by adding or deleting wording, labels, or warnings 38 described in paragraph (1) or paragraph (2) of this subsection; 39 (4) contains cigarettes with respect to which no list of ingredients 40 used in their manufacture has been provided to the Secretary of Health 41 and Human Services as required by subsection (a) of section 7 of 42 Pub.L.89-92, 15 U.S.C. s.1335a; 43 (5) has been imported into the United States after January 1, 2000

EXPLANATION - Matter enclosed in **bold-faced** brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

1 in violation of 19 U.S.C. s.1681a or 26 U.S.C.s.5754; or 2 [(5)] (6) in any way violates federal trademark or copyright laws. 3 (cf: P.L.1999, c.328, s.1) 4 5 2. Section 607 of P.L.1948, c.65 (C.54:40A-30) is amended to 6 read as follows: 7 607. Unstamped cigarettes subject to confiscation. 8 a. All cigarettes, subject to the tax imposed by this act, to which 9 stamps have not been affixed, as required by this act, and all cigarettes 10 stamped in violation of subsection b. of section 405 of P.L.1948, c.65 (C.54:40A-15) found in any place in this State are declared to be 11 prima facie contraband goods and may be seized by the director, the 12 13 director's agents or employees, or by any peace officer of this State, 14 when directed by the director so to do, without a warrant. 15 b. The director may upon satisfactory proof direct the return of any 16 unstamped confiscated cigarettes when the director shall have reason to believe that the owner thereof has not willfully or intentionally 17 evaded any tax imposed by this act. Any unstamped cigarettes seized 18 19 under the provisions of this act shall be disposed of according to law. 20 Any purchaser of such cigarettes shall be required to affix stamps as 21 required by this act. 22 c. The director shall destroy any seized cigarettes that have been 23 stamped in violation of subsection b. of section 405 of P.L.1948, c.65 (C.54:40A-15)[; provided however that as an alternative the director 24 may resell such cigarettes to the manufacturer, but such cigarettes 25 shall be resold only for export or destruction]. 26 27 d. The seizure and sale of any cigarettes under the provisions of 28 this section shall not relieve any person from a fine, imprisonment or other penalty for violation of any of the provisions of this act. The 29 30 director, the director's agents, employees, and any peace officer of this 31 State, when directed so to do, shall not in any way be responsible in 32 any court for the seizure or the confiscation of any unstamped or 33 illegally stamped packages of cigarettes. 34 (cf: P.L.1999, c.328, s.6) 35 36 3. This act shall take effect immediately. 37 38 39 **STATEMENT** 40 41 This bill amends the "Cigarette Tax Act" to revise its prohibition 42 against the affixation of tax stamps to packages that, irrespective of 43 whether or not the tax has been paid, meet any of certain listed 44 descriptions. Under the bill: 45 (1) The list is broadened to include packages containing cigarettes for which no schedule of manufacturing ingredients has been filed with 46

the U.S. Secretary of Health and Human Services, as required under 1 2 the "Federal Cigarette Labeling and Advertising Act." In conjunction 3 with this change, the text of the description of another category 4 already included on the list (packages containing cigarettes not 5 compliant with the federal Act's "Surgeon General's Warning" label requirements) is reworded to refer more explicitly to the particular 6 federal statutory provision covering that warning label; 7 8 (2) The list is further broadened to include imported cigarettes that

9 violate other federal requirements, including a requirement that the
10 owner of any U.S. trademark on the cigarettes have consented to their
11 importation; and

(3) The description of another currently included category, that of packages on which there has been an alteration either of the health warning label or a separately required label indicating that the package was intended for foreign sale, is revised to include specific reference to alteration through placement of a sticker on the package.

In addition, the bill eliminates the discretion of the Director of theDivision of Taxation to resell, instead of having to destroy, any

19 cigarettes confiscated as a result of having been stamped in violation

20 of the statutory prohibition.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 2741

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2001

The Senate Commerce Committee reports favorably Senate Bill No. 2741.

This bill amends the "Cigarette Tax Act" to revise its prohibition against the affixation of tax stamps to packages that, irrespective of whether or not the tax has been paid, do not comply with the law. The bill:

(1) Prohibits New Jersey cigarette excise tax stamps from being applied to any cigarette package that does not comply with federal cigarette labeling law, including federal warning label requirements and federal trademark and copyright laws.

(2) Clarifies that the placement of a sticker over certain required federal labels on a cigarette package is a prohibited alteration of the package.

(3) Prohibits New Jersey cigarette excise tax stamps from being applied to any package that contains cigarettes for which any person is not in compliance with the cigarette ingredients disclosure requirement of the "Federal Cigarette Labeling and Advertising Act."

(4) Prohibits New Jersey cigarette excise tax stamps from being applied to cigarettes imported into the United States in violation of the federal "Imported Cigarette Compliance Act of 2000."

(5) Eliminates the discretion of the Director of the Division of Taxation to resell, instead of having to destroy, any cigarettes confiscated as a result of having been stamped in violation of the statutory prohibition.

ASSEMBLY, No. 3836 STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED NOVEMBER 8, 2001

Sponsored by: Assemblyman RICK MERKT District 25 (Morris) Assemblyman GUY R. GREGG District 24 (Sussex, Hunterdon and Morris)

SYNOPSIS

Revises law delineating cigarette packages to which tax stamp may not be affixed.

CURRENT VERSION OF TEXT

As introduced.



2

1 AN ACT concerning cigarette packages to which the affixation of 2 cigarette tax stamps is prohibited, amending P.L.1948, c.65. 3 4 **BE IT ENACTED** by the Senate and General Assembly of the State 5 of New Jersey: 6 7 1. Section 405 of P.L.1948, c.65 (C.54:40A-15) is amended to 8 read as follows: 9 405. Distributors to affix stamps. 10 a. Unless stamps have been previously affixed, the stamps required 11 by this act shall be affixed to packages of cigarettes and canceled by 12 the licensed distributor within twenty-four hours of the receipt of all 13 unstamped cigarettes, exclusive of Saturdays, Sundays and legal 14 holidays, and prior to any and all deliveries except deliveries to points 15 outside the State, deliveries by manufacturers to licensed distributors 16 and those deliveries which this State is prohibited from taxing under 17 the Constitution or the statutes of the United States. 18 b. Cigarette packages to which stamps shall not be affixed. 19 A distributor shall not affix a stamp to a package of cigarettes if the 20 package: (1) does not comply with <u>all requirements imposed by or pursuant</u> 21 to federal law regarding warnings and other information on packages 22 23 of cigarettes manufactured, packaged or imported for sale, distribution 24 or use in the United States, including but not limited to the permanent 25 imprinting on the primary packaging of such cigarettes of the package 26 warning labels in the text and formats specified by subsections (a) and 27 (b), respectively, of section 4 of the "Federal Cigarette Labeling and 28 Advertising Act," Pub.L.89-92, 15 U.S.C. [s.1331 et seq., for the 29 placement of labels, warnings or any other information for a package of cigarettes to be sold within the United States] s.1333, and the 30 31 rotation of such labels in accordance with the provisions of subsection 32 (c) of that section; 33 (2) is labeled "For Export Only," "U.S. Tax Exempt," "For use 34 Outside U.S.," or other wording indicating that the manufacturer did 35 not intend that the product be sold in the United States; 36 (3) has been altered, through placement of a sticker on the package 37 or other means, by adding or deleting wording, labels, or warnings 38 described in paragraph (1) or paragraph (2) of this subsection; 39 (4) contains cigarettes with respect to which no list of ingredients 40 used in their manufacture has been provided to the Secretary of Health 41 and Human Services as required by subsection (a) of section 7 of 42 Pub.L.89-92, 15 U.S.C. s.1335a;

EXPLANATION - Matter enclosed in **bold-faced** brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

1 (5) has been imported into the United States after January 1, 2000 2 in violation of 19 U.S.C. s.1681a or 26 U.S.C.s.5754; or [(5)] (6) in any way violates federal trademark or copyright laws. 3 4 (cf: P.L.1999, c.328, s.1) 5 6 2. Section 607 of P.L.1948, c.65 (C.54:40A-30) is amended to 7 read as follows: 8 607. Unstamped cigarettes subject to confiscation. 9 All cigarettes, subject to the tax imposed by this act, to which a. 10 stamps have not been affixed, as required by this act, and all cigarettes stamped in violation of subsection b. of section 405 of P.L.1948, c.65 11 (C.54:40A-15) found in any place in this State are declared to be 12 13 prima facie contraband goods and may be seized by the director, the 14 director's agents or employees, or by any peace officer of this State, 15 when directed by the director so to do, without a warrant. The director may upon satisfactory proof direct the return of 16 b. any unstamped confiscated cigarettes when the director shall have 17 reason to believe that the owner thereof has not willfully or 18 19 intentionally evaded any tax imposed by this act. Any unstamped 20 cigarettes seized under the provisions of this act shall be disposed of 21 according to law. Any purchaser of such cigarettes shall be required 22 to affix stamps as required by this act. 23 The director shall destroy any seized cigarettes that have been c. 24 stamped in violation of subsection b. of section 405 of P.L.1948, c.65 25 (C.54:40A-15)[; provided however that as an alternative the director 26 may resell such cigarettes to the manufacturer, but such cigarettes 27 shall be resold only for export or destruction]. 28 The seizure and sale of any cigarettes under the provisions of d. 29 this section shall not relieve any person from a fine, imprisonment or 30 other penalty for violation of any of the provisions of this act. The 31 director, the director's agents, employees, and any peace officer of this 32 State, when directed so to do, shall not in any way be responsible in 33 any court for the seizure or the confiscation of any unstamped or 34 illegally stamped packages of cigarettes. (cf: P.L.1999, c.328, s.6) 35 36 37 3. This act shall take effect immediately. 38 39 40 **STATEMENT** 41 42 This bill amends the "Cigarette Tax Act" to revise its prohibition 43 against the affixation of tax stamps to packages that, irrespective of 44 whether or not the tax has been paid, meet any of certain listed descriptions. Under the bill: 45

1 (1) The list is broadened to include packages containing cigarettes 2 for which no schedule of manufacturing ingredients has been filed with 3 the U.S. Secretary of Health and Human Services, as required under 4 the "Federal Cigarette Labeling and Advertising Act." In conjunction with this change, the text of the description of another category 5 already included on the list (packages containing cigarettes not 6 compliant with the federal Act's "Surgeon General's Warning" label 7 8 requirements) is reworded to refer more explicitly to the particular 9 federal statutory provision covering that warning label;

10 (2) The list is further broadened to include imported cigarettes that 11 violate other federal requirements, including a requirement that the 12 owner of any U.S. trademark on the cigarettes have consented to their 13 importation; and

14 (3) The description of another currently included category, that of 15 packages on which there has been an alteration either of the health warning label or a separately required label indicating that the package 16 17 was intended for foreign sale, is revised to include specific reference to alteration through placement of a sticker on the package. 18

In addition, the bill eliminates the discretion of the Director of the 19 20 Division of Taxation to resell, instead of having to destroy, any 21 cigarettes confiscated as a result of having been stamped in violation 22 of the statutory prohibition.

ASSEMBLY COMMERCE, TOURISM, GAMING AND MILITARY AND VETERANS' AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3836

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2001

The Assembly Commerce, Tourism, Gaming and Military and Veterans' Affairs Committee reports favorably Assembly, No. 3836.

This bill amends the "Cigarette Tax Act" to revise its prohibition against the affixation of tax stamps to packages of cigarettes that meet any of certain listed descriptions. Under the bill:

(1) The list is broadened to include packages containing cigarettes for which no schedule of manufacturing ingredients has been filed with the U.S. Secretary of Health and Human Services, as required under the "Federal Cigarette Labeling and Advertising Act." In conjunction with this change, the text of the description of another category already included on the list (packages containing cigarettes not compliant with the federal Act's "Surgeon General's Warning" label requirements) is reworded to refer more explicitly to the particular federal statutory provision covering that warning label;

(2) The list is further broadened to include imported cigarettes that violate other federal requirements, including a requirement that the owner of any U.S. trademark on the cigarettes have consented to their importation; and

(3) The description of another currently included category, that of packages on which there has been an alteration either of the health warning label or a separately required label indicating that the package was intended for foreign sale, is revised to include specific reference to alteration through placement of a sticker on the package.

In addition, the bill eliminates the discretion of the Director of the Division of Taxation to resell, instead of having to destroy, any cigarettes confiscated as a result of having been stamped in violation of the statutory prohibition. To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2741 with my recommendations for reconsideration.

A.Summary of Bill

This bill amends the "Cigarette Tax Act" to revise its prohibition against the affixation of tax stamps to packages that, irrespective of whether or not the tax has been paid, do not comply with the law. The bill:

(1) Prohibits New Jersey cigarette excise tax stamps from being applied to any cigarette package that does not comply with federal cigarette labeling law, including federal warning label requirements and federal trademark and copyright laws.

(2) Clarifies that the placement of a sticker over certain required federal labels on a cigarette package is a prohibited alteration of the package.

(3) Prohibits New Jersey cigarette excise tax stamps from being applied to any package that contains cigarettes for which any person is not in compliance with the cigarette ingredients disclosure requirement of the "Federal Cigarette Labeling and Advertising Act."

(4) Prohibits New Jersey cigarette excise tax stamps from being applied to cigarettes imported into the United States in violation of the federal "Imported Cigarette Compliance Act of 2000."

(5) Eliminates the discretion of the Director of the Division of Taxation to resell, instead of having to destroy, any cigarettes confiscated as a result of having been stamped in violation of the statutory prohibition.

B.<u>Recommended Action</u>

This bill is an important step toward ensuring that regulation of cigarette distribution within the State is consistent with federal requirements. It must be clear that the requirements for affixation of a New Jersey excise tax stamp will be strictly enforced and this bill will clearly further that objective. Nonetheless, I am constrained to return this bill with my recommendation for reconsideration.

Currently, when cigarettes are seized for having been stamped in violation of the Cigarette Tax Act, the Director of the Division of Taxation may either destroy those cigarettes or resell them to the manufacturer for destruction or export only. The revenue derived by the Division of Taxation from these sales is used by the Division to partially fund its enforcement of the Act. Thus, elimination of that revenue would hinder enforcement, thereby contradicting the objectives of this bill.

Therefore, I herewith return Senate Bill No. 2741 and recommend that it be amended as follows:

Page 3, Section 2, Lines 24-26:

Delete **A**[; provided however that as an alternative the director may resell such cigarettes to the manufacturer, but such cigarettes shall be resold only for export or destruction]**A** and insert **A**; provided however that as an alternative the director may resell such cigarettes to the manufacturer, but such cigarettes shall be resold only for export or destruction@

Respectfully,

Donald T. DiFrancesco Acting Governor, Senate President

Attest:

James A. Harkness Chief Counsel to the Governor

P.L. 2001, CHAPTER 396, approved January 8, 2002 Senate, No. 2741 (First Reprint)

1 AN ACT concerning cigarette packages to which the affixation of 2 cigarette tax stamps is prohibited, amending P.L.1948, c.65. 3 4 **BE IT ENACTED** by the Senate and General Assembly of the State 5 of New Jersey: 6 7 1. Section 405 of P.L.1948, c.65 (C.54:40A-15) is amended to 8 read as follows: 9 405. Distributors to affix stamps. 10 a. Unless stamps have been previously affixed, the stamps required by this act shall be affixed to packages of cigarettes and canceled by 11 the licensed distributor within twenty-four hours of the receipt of all 12 13 unstamped cigarettes, exclusive of Saturdays, Sundays and legal 14 holidays, and prior to any and all deliveries except deliveries to points 15 outside the State, deliveries by manufacturers to licensed distributors 16 and those deliveries which this State is prohibited from taxing under the Constitution or the statutes of the United States. 17 18 b. Cigarette packages to which stamps shall not be affixed. 19 A distributor shall not affix a stamp to a package of cigarettes if the 20 package: 21 (1) does not comply with <u>all requirements imposed by or pursuant</u> 22 to federal law regarding warnings and other information on packages 23 of cigarettes manufactured, packaged or imported for sale, distribution 24 or use in the United States, including but not limited to the permanent imprinting on the primary packaging of such cigarettes of the package 25 26 warning labels in the text and formats specified by subsections (a) and 27 (b), respectively, of section 4 of the "Federal Cigarette Labeling and Advertising Act," Pub.L.89-92, 15 U.S.C. [s.1331 et seq., for the 28 29 placement of labels, warnings or any other information for a package 30 of cigarettes to be sold within the United States] s.1333, and the 31 rotation of such labels in accordance with the provisions of subsection 32 (c) of that section; (2) is labeled "For Export Only," "U.S. Tax Exempt," "For use 33 34 Outside U.S.," or other wording indicating that the manufacturer did not intend that the product be sold in the United States; 35 (3) has been altered, through placement of a sticker on the package 36 37 or other means, by adding or deleting wording, labels, or warnings 38 described in paragraph (1) or paragraph (2) of this subsection; 39 (4) <u>contains cigarettes with respect to which no list of ingredients</u>

EXPLANATION - Matter enclosed in **bold-faced** brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate amendments adopted in accordance with Governor's recommendations January 7, 2002.

used in their manufacture has been provided to the Secretary of Health 1 2 and Human Services as required by subsection (a) of section 7 of Pub.L.89-92, 15 U.S.C. s.1335a; 3 4 (5) has been imported into the United States after January 1, 2000 5 in violation of <u>19 U.S.C. s.1681a or</u> 26 U.S.C.s.5754; or 6 [(5)] (6) in any way violates federal trademark or copyright laws. (cf: P.L.1999, c.328, s.1) 7 8 9 ¹[2. Section 607 of P.L.1948, c.65 (C.54:40A-30) is amended to 10 read as follows: 11 607. Unstamped cigarettes subject to confiscation. 12 a. All cigarettes, subject to the tax imposed by this act, to which stamps have not been affixed, as required by this act, and all cigarettes 13 14 stamped in violation of subsection b. of section 405 of P.L.1948, c.65 15 (C.54:40A-15) found in any place in this State are declared to be prima facie contraband goods and may be seized by the director, the 16 17 director's agents or employees, or by any peace officer of this State, when directed by the director so to do, without a warrant. 18 19 b. The director may upon satisfactory proof direct the return of any 20 unstamped confiscated cigarettes when the director shall have reason 21 to believe that the owner thereof has not willfully or intentionally 22 evaded any tax imposed by this act. Any unstamped cigarettes seized 23 under the provisions of this act shall be disposed of according to law. 24 Any purchaser of such cigarettes shall be required to affix stamps as 25 required by this act. 26 c. The director shall destroy any seized cigarettes that have been 27 stamped in violation of subsection b. of section 405 of P.L.1948, c.65 (C.54:40A-15)[; provided however that as an alternative the director 28 29 may resell such cigarettes to the manufacturer, but such cigarettes 30 shall be resold only for export or destruction]. 31 d. The seizure and sale of any cigarettes under the provisions of 32 this section shall not relieve any person from a fine, imprisonment or other penalty for violation of any of the provisions of this act. The 33 34 director, the director's agents, employees, and any peace officer of this 35 State, when directed so to do, shall not in any way be responsible in any court for the seizure or the confiscation of any unstamped or 36 illegally stamped packages of cigarettes. 37 38 (cf: P.L.1999, c.328, s.6)]¹ 39 ¹[3.] <u>2.</u>¹ This act shall take effect immediately. 40 41 42 43 44 45 Revises law delineating cigarette packages to which tax stamp may not 46 be affixed.

CHAPTER 396

AN ACT concerning cigarette packages to which the affixation of cigarette tax stamps is prohibited, amending P.L.1948, c.65.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 405 of P.L.1948, c.65 (C.54:40A-15) is amended to read as follows:

C.54:40A-15 Distributors to affix stamps.

405. Distributors to affix stamps.

a. Unless stamps have been previously affixed, the stamps required by this act shall be affixed to packages of cigarettes and canceled by the licensed distributor within twenty-four hours of the receipt of all unstamped cigarettes, exclusive of Saturdays, Sundays and legal holidays, and prior to any and all deliveries except deliveries to points outside the State, deliveries by manufacturers to licensed distributors and those deliveries which this State is prohibited from taxing under the Constitution or the statutes of the United States.

b. Cigarette packages to which stamps shall not be affixed.

A distributor shall not affix a stamp to a package of cigarettes if the package:

(1) does not comply with all requirements imposed by or pursuant to federal law regarding warnings and other information on packages of cigarettes manufactured, packaged or imported for sale, distribution or use in the United States, including but not limited to the permanent imprinting on the primary packaging of such cigarettes of the package warning labels in the text and formats specified by subsections (a) and (b), respectively, of section 4 of the "Federal Cigarette Labeling and Advertising Act," Pub.L.89-92, 15 U.S.C. s.1333, and the rotation of such labels in accordance with the provisions of subsection (c) of that section;

(2) is labeled "For Export Only," "U.S. Tax Exempt," "For use Outside U.S.," or other wording indicating that the manufacturer did not intend that the product be sold in the United States;

(3) has been altered, through placement of a sticker on the package or other means, by adding or deleting wording, labels, or warnings described in paragraph (1) or paragraph (2) of this subsection;

(4) contains cigarettes with respect to which no list of ingredients used in their manufacture has been provided to the Secretary of Health and Human Services as required by subsection (a) of section 7 of Pub.L.89-92, 15 U.S.C. s.1335a;

(5) has been imported into the United States after January 1, 2000 in violation of 19 U.S.C. s.1681a or 26 U.S.C.s.5754; or

(6) in any way violates federal trademark or copyright laws.

2. This act shall take effect immediately.

Approved January 8, 2002.