

Notice

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Brief Description: Legislated (2002 Session) tax increase notification (House Bill 2982 and Senate Bill 39).
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Office of the Secretary

NOTICE 02-03

Notice to Licensed Cigarette Wholesalers and Tobacco Distributors

To comply with recent legislative changes, the Kansas Department of Revenue has made some changes involving cigarette tax and tobacco tax forms and procedures. We have revised all of the monthly report forms effective July 1, 2002. Please destroy all forms that you currently have. You will notice on the enclosed cigarette forms that the cigarette amounts must be reported in **Packs**. **It is imperative that all cigarette and tobacco forms be submitted and filled out completely and correctly.**

Effective immediately, Kansas licensed cigarette wholesalers and tobacco product distributors are prohibited from stamping for sale any individual packages of cigarettes or paying the required tax on roll-your-own tobacco products from manufacturers that are not in compliance with K.S.A. 2001 Supp. 50-6a01 *et seq.* (Master Settlement Agreement). In addition to any other civil or criminal penalty provided by law, a violation of this new law or any resulting regulations may result in license suspension and/or fines. Moreover, product stamped in violation of the law will be subject to seizure as contraband whether or not the violation is knowing. See House Bill 2982, as published in the Kansas Register on April 25, 2002.

House Bill 2982 also requires wholesalers to provide brand family information on Non-Participating Manufacturers. To conform to this legislative change, new forms CG-15 (Schedule A) and TB-42C (Schedule 3) have been developed and must be completed in order for the Kansas Department of Revenue to capture this information.

By July 1, 2002, the office of the Attorney General is required to post a list of manufacturers that are deemed to be in compliance on its web site, <http://www.ink.org/public/ksag/>. Manufacturers that have joined the multi-state settlement (participating manufacturers) will be named on one list, and nonparticipating manufacturers that are in compliance with K.S.A. 2001 Supp. 50-6a01 *et seq.* (Master Settlement Agreement), along with the names of their brand families, will appear on a separate list. In order to be included on and remain on the list, manufacturers must have met all past obligations, including satisfaction of any judgments, and must have satisfied any additional conditions authorized by statute and imposed by the office of the Attorney General. A licensee may rely on the list and will not be subject to penalties for stamping the listed products of any manufacturer while the manufacturer's name and brand families appear on the list.

In accordance with Department policy, cigarette wholesalers **cannot** purchase cigarette tax stamps if they have not submitted their monthly report by the 10th day of the following month. **This will be strictly enforced.**

Effective July 1, 2002, the wholesale discount percentage rate will change from 2.65% to .90% until December 31, 2002. Beginning January 1, 2003, the wholesale discount percentage rate will change from .90% to .80%. Senate Bill 39.

Thank you for your cooperation in this matter.

Enclosures

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