

SENATE, No. 1006

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JANUARY 30, 2020

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

SYNOPSIS

Concerns cigarette manufacturers and production of certain tobacco products using roll-your-own tobacco machines at retail establishments within this State.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning cigarette manufacturers and the production of
2 certain tobacco products using roll-your-own tobacco machines
3 at retail establishments within this State, supplementing Title 52
4 of the Revised Statutes, P.L.1948, c.65 (C.54:40A-1 et seq.), and
5 P.L.2007, c.86 (C.54:40A-54 et seq.).

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

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10 1. Notwithstanding the provisions of any other law to the
11 contrary, a person who maintains a machine at a retail establishment
12 within this State that enables a person to process at that retail
13 establishment tobacco or another product that is made or derived in
14 whole or in part from tobacco into a roll or tube for smoking shall
15 be deemed by the Attorney General to be a tobacco product
16 manufacturer selling cigarettes to consumers within this State and
17 the resulting product shall be deemed by the Attorney General to be
18 a cigarette for purposes of P.L.1999, c.148 (C.52:4D-1 et seq.),
19 P.L.2003, c.25 (C.52:4D-4 et seq.), P.L.2003, c.195 (C.52:4D-13 et
20 seq.), and P.L.2007, c.96 (C.52:4D-3.1 et seq.).

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22 2. Notwithstanding the provisions of any other law to the
23 contrary, a person who maintains a machine at a retail establishment
24 within this State that enables a person to process at that retail
25 establishment tobacco or another product that is made or derived in
26 whole or in part from tobacco into a roll or tube for smoking shall
27 be deemed by the Director of the Division of Taxation in the
28 Department of the Treasury to be a manufacturer engaged in or
29 otherwise conducting the business of manufacturing cigarettes in
30 this State and the resulting product shall be deemed by the director
31 to be a cigarette for purposes of the "Cigarette Tax Act," P.L.1948,
32 c.65 (C.54:40A-1 et seq.).

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34 3. Notwithstanding the provisions of any other law to the
35 contrary, a person who maintains a machine at a retail establishment
36 within this State that enables a person to process at that retail
37 establishment tobacco or another product that is made or derived in
38 whole or in part from tobacco into a roll or tube for smoking shall
39 be deemed by the Director of the Division of Fire Safety in the
40 Department of Community Affairs to be a manufacturer and the
41 resulting product shall be deemed by the director to be a cigarette
42 for purposes of "The Reduced Cigarette Ignition Propensity and
43 Firefighter Protection Act," P.L.2007, c.86 (C.54:40A-54 et seq.).

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45 4. This act shall take effect immediately and apply to persons
46 maintaining machines at retail establishments within this State on or
47 after the first day of the third month beginning after the date of
48 enactment.

STATEMENT

This bill establishes that persons who maintain certain "roll-your-own" (RYO) cigarette-making machines for consumers' use at retail establishments in this State are deemed to be manufacturers of cigarettes for purposes of the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.), the laws applying to cigarette makers that are non-participating manufacturers under the national tobacco Master Settlement Agreement, and "The Reduced Cigarette Ignition Propensity and Firefighter Protection Act," P.L.2007, c.86 (C.54:40A-54 et seq.).

Commercial-grade RYO machines at retail stores are a relatively new trend in cigarette manufacturing where a customer can purchase loose tobacco and cigarette papers, and then use the retailer's onsite RYO machines to manufacture the cigarettes. The customer can either operate the machine without assistance, or receive assistance from the retailer.

Under the bill, a person who maintains a machine at a retail establishment within this State that enables a person to process tobacco (or another product that is made or derived in whole or in part from tobacco) into a roll or tube for smoking, will be deemed to be a manufacturer of cigarettes. The bill provides that the resulting tobacco product produced for consumption using RYO machines at retail establishments within this State will be deemed to be a cigarette.

Federal law enacted in July 2012 defines RYO commercial store operators as tobacco manufacturers and imposes on them the following requirements:

- Collection of the federal tax on cigarettes which is \$1.01 per pack,
- Affixing of the U.S. Surgeon General's cigarette health warnings to the cigarette packs,
- Packaging to include other federally required marks and labels and minimum package size for cigarettes,
- Prohibition of sale of flavored cigarettes (except menthol) made by commercial retailer RYO machine,
- Compliance with federal restrictions on cigarette sampling,
- Federal permitting and bond requirements to engage in the business, and
- Maintenance of records and submission of reports.

The bill takes effect immediately and applies to persons maintaining machines at retail establishments within this State on or after the first day of the third month beginning after the date of enactment.