

STATE OF NEW YORK

390

2017-2018 Regular Sessions

IN ASSEMBLY

January 9, 2017

Introduced by M. of A. GUNTHER -- Multi-Sponsored by -- M. of A. HOOPER, MAGEE -- read once and referred to the Committee on Governmental Operations

AN ACT establishing a temporary task force on black market cigarettes

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Legislative intent. The sale of black market, untaxed ciga-
2 rettes has resulted in the loss of hundreds of millions of dollars in
3 revenue to the state, robbing state health care and programs designed to
4 help children. According to the Tax Foundation, a Washington D.C., busi-
5 ness-oriented tax research organization, approximately 60.9 percentage
6 of cigarettes sold in New York were smuggled in from other states. In
7 addition, a study conducted by John Dunham & Associates on behalf of New
8 York Association of Convenience Stores found that state taxes were not
9 collected on one out of every two packs of cigarettes consumed in New
10 York State in 2011.

11 The widely available black market cigarettes threaten national securi-
12 ty and public safety of New Yorkers. Investigations conducted on feder-
13 al, state and local levels revealed that proceeds from black market
14 cigarettes are used to fuel organized crime and terrorist organizations,
15 such as Hamas and Hezbollah. In addition, this criminal activity creates
16 imbalanced and unfair business competition for law-abiding mom and pop
17 stores and other businesses who do pay taxes. In light of the overwhelm-
18 ing growth in black market cigarettes and the inherent dangers of this
19 unbridled criminal activity, it is imperative that we make concerted
20 efforts to develop enhanced measures and strategies to fully address
21 this issue.

22 It is the intent of the Legislature to create a temporary task force
23 to effectively address the illegal tobacco sale and distribution of
24 untaxed, unstamped and smuggled tobacco products in New York. The Task
25 Force will be comprised of departments and agencies involved in tackling

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 illicit tobacco and will examine and analyze currently existing laws,
2 policies and programs to develop measures that can reduce and prevent
3 black market tobacco in New York.

4 § 2. 1. A temporary task force, to be known as the temporary task
5 force on black market cigarettes, is hereby created to examine and
6 investigate such issues related to sale and distribution in New York of
7 tobacco products for which required tax has not been paid, including,
8 but not limited to, unlawfully manufactured cigarettes, cigarettes smug-
9 gled from low-tax jurisdictions, and stolen tobacco products from
10 convenience stores, cargos and truck hijacking. This task force will be
11 comprised of appropriate state agency personnel, law enforcement author-
12 ities, and an expert in the fields of taxation. The task force will
13 facilitate studying the root causes of rising black market cigarettes in
14 New York and assess the economic, health, and public safety impact of
15 illicit cigarette sales and distribution in this state.

16 2. Such temporary task force shall have the powers, including, but not
17 limited to, to:

18 (a) conduct public hearings in furtherance of the performance of its
19 duties under this act;

20 (b) issue subpoenas for and to compel attendance of witnesses and the
21 production of books, records, documents and other relevant evidence;

22 (c) recommend legislation consistent with the purpose of this section;

23 (d) develop and support innovative law enforcement models to target
24 and disrupt smuggling and distribution networks;

25 (e) develop and communicate messages for the general public, informing
26 them of the serious consequences of purchasing black market cigarettes;

27 (f) educate private sector entities about the dangers of black market
28 cigarettes; and

29 (g) develop measures and goals that will enable the task force and its
30 partners to better gauge success in decreasing the black market in ciga-
31 rettes.

32 3. The task force shall consist of 9 members as follows:

33 (a) the attorney general, or his or her designee thereof, shall chair
34 the task force;

35 (b) commissioner of financial services, or his or her designee;

36 (c) commissioner of criminal justice services, or his or her designee;

37 (d) commissioner of health, or his or her designee;

38 (e) the governor shall appoint one member who shall be an expert in
39 tobacco taxation;

40 (f) the temporary president of the senate and the speaker of the
41 assembly shall each appoint one member to the task force who shall be a
42 member of a state or local law enforcement agency; and

43 (g) the president of the Small Business Congress, Inc. or his or her
44 designee and the commissioner of the New York City department of finance
45 or his or her designee shall serve as non-voting members.

46 4. Four voting members of the temporary task force shall, at all
47 times, constitute a quorum. Members shall receive no compensation for
48 their services; members (including non-voting members) who are not
49 governmental employees shall be reimbursed for their reasonable expenses
50 incurred during the performance of their duties. Notwithstanding any
51 inconsistent provision of any general, special or local law, no officer
52 or employee of the state or of any political subdivision thereof shall
53 forfeit his or her office or employment by reason of acceptance of
54 appointment to the temporary task force.

1 5. Within one year of the effective date of this act, such temporary
2 task force shall issue a report containing such findings and recommenda-
3 tions.
4 § 3. This act shall take effect immediately.