

BILL ANALYSIS

Senate Research Center
76R8565 DAK-D

S.B. 1122
By: Armbrister
Human Services
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As Filed

DIGEST

Currently, wholesalers are legally able to buy large volumes of cigarettes manufactured in the United States but intended for export, pay all required taxes and duties for reimportation of the products, and market the export products at a significant discount from the product sold for domestic consumption. This retailing process has the capacity to deceive consumers who believe that the export cigarettes are of the same quality as cigarettes intended for U.S. consumption. Cigarettes manufactured for foreign markets have different additive, tar, and nicotine levels, and cigarettes intended for export are not required to carry warning labels. This bill prohibits stamps from being affixed on certain cigarette packages and provides penalties for violations of this Act.

PURPOSE

As proposed, S.B. 1122 prohibits stamps from being affixed on certain cigarette packages and provides penalties for violations of this Act.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 154C, Tax Code, by adding Section 154.0415, as follows:

Sec. 154.0415. CIGARETTES TO WHICH STAMPS MAY NOT BE AFFIXED. Prohibits a person from affixing a stamp to cigarette packages that: do not comply with the Cigarette Labeling Advertising Act; are labeled by phrases that indicate that the manufacturer did not intend the product to be sold in the United States; have been altered by adding or deleting wording, labels, or warnings; have been imported after January 1, 2000; or violate any federal trademark or copyright laws.

SECTION 2. Amends Section 154.4045(b), Tax Code, to provide that if the seized cigarettes are in packages described by Section 154.0415 or stamped, the comptroller may not sell the cigarettes but may destroy, dispose, or return the cigarettes solely for the purpose of export, to the manufacturer for credit.

SECTION 3. Amends Chapter 154H, Tax Code, by adding Section 154.4095, as follows:

Sec. 154.4095. DECEPTIVE TRADE PRACTICES. Provides that selling a package of cigarettes described by Section 154.0415, with or without a stamp, is a deceptive trade practice.

SECTION 4. Amends Chapter 154I, Tax Code, by adding Section 154.5025, as follows:

Sec. 154.5025. AFFIXING STAMPS TO CERTAIN CIGARETTES. Provides that a person commits an offense for affixing stamps to cigarettes in violation of Section 154.0415.

SECTION 5. Emergency clause.
Effective date: upon passage.