



On behalf of retailers that sell tobacco products we want to express our support for S. 1147, the Prevent All Cigarette Trafficking Act (PACT Act).

As retailers, our members collect and remit taxes on these products and follow laws on age verification to sell them responsibly. Unfortunately, many Internet sellers of tobacco products do not follow any of these laws putting retailers that do collect and remit taxes at a severe competitive disadvantage – in some instances this disadvantage may come to more than \$20 per carton. Tax evasion and failure to verify age are common in the context of Internet sales. The state and local revenue losses and the societal costs of the failure of Internet sellers to follow the law are very large and difficult to fully calculate.

While the Jenkins Act – which makes clear that taxes must be paid for remote sales of cigarettes – has been the law of the land for half a century, it is routinely ignored and only a few enforcement cases have been brought during the entire time the law has been in place. An update in the laws is long overdue. Law enforcement needs better tools to help enforce the law so that Internet sellers can no longer evade taxes. S. 1147 provides the Justice Department those tools. While there is more to do to ensure that tax and age verification laws are followed by internet sellers, the PACT Act is an important first step to address these issues.

And, in light of the 62 cent per pack increase in the Federal Excise Tax on cigarettes that took effect on April 1, there is an even greater need to pass the PACT Act as Internet vendors' illegal, tax-free sales have become even more attractive to unknowing consumers.

The House has passed similar legislation (HR 1676) by an overwhelming vote of 397 to 11. We applaud the House's accomplishment on this important issue and urge you to support S. 1147 to help move forward the legislation towards enactment this year.

Thank you for considering our position on this important public policy issue.

Sincerely,

**American Wholesale Marketers Association
Food Marketing Institute
Minnesota Wholesale Marketers Association
National Association of Convenience Stores
- (NACS)
National Association of Tobacco Outlets (NATO)
NATSO, Representing America's Travel Plazas
- and Truckstops
Petroleum Marketers Association of America
Society of Independent Gasoline Marketers of
-America (SIGMA)
California Distributors Association
Colorado Association of Distributors**

**Illinois Association of Tobacco & Candy
- Distributors
Iowa Wholesale Distributors Association
Michigan Distributors & Vendors Association
Minnesota Wholesale Marketers Association
Missouri Wholesale Distributors Association
New Jersey Wholesale Marketers Association
North Carolina Wholesalers Association
Ohio Wholesale Marketers Association
Oklahoma Wholesale Marketers Association
Pennsylvania Distributors Association
Virginia Wholesalers & Distributors Association
Wisconsin Association of Distributors**