



Legislation Text

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Res. No. 727

Resolution urging the New York State Legislature to pass S.8103, an act to amend the tax law by requiring the exclusive use of encrypted counterfeit-resistant cigarette tax stamps.

By Council Members Vallone Jr., Brewer, Fidler, Gennaro, Gerson, James and Weprin

Whereas, When New York City increased its cigarette tax to \$1.50 per pack in 2002, thus raising the average price of a single pack of cigarettes to over \$6.00 in New York City, the illicit trade of illegally imported cigarettes escalated; and

Whereas, New York State's current cigarette tax stamp technology is widely considered out of date, ineffective, and easy to counterfeit; and

Whereas, Due to the relative ease with which existing tax stamps may be replicated, an underground market for illegal cigarettes bearing counterfeit stamps has proliferated; and

Whereas, The exploitation of illegitimate markets, and the utilization of those profits to fund illicit and dangerous activities negatively impacts the legitimate markets and citizens of New York; and

Whereas, Violent incidents due to cigarette-sales turf disputes have increased in New York City; and

Whereas, The use of newly developed encrypted cigarette tax stamps and associated monitoring systems enable tobacco control and law enforcement authorities to effectively monitor the movement of legitimate cigarettes from the licensed stamping agents to the points of retail sale; and

Whereas, Encrypted tax stamps can be tracked and traced to prevent counterfeiting, smuggling, and to effectively enforce taxation; and

Whereas, In 2002, California became the first state to utilize encrypted tax stamps to enhance the collection of legitimate taxes, and to protect the California tobacco market and its distribution and retail outlets

from illicit activity; and

Whereas, California reclaimed \$120 Million in lost tax revenue within the first twenty months of utilizing encrypted cigarette tax stamps and associated monitoring systems; and

Whereas, By enacting Senate Bill 8103, New York State can reduce contraband trafficking and other illegal tax evading activities, thereby protecting public health and increasing both State and local tax revenues; now therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass Senate Bill 8103, an act to amend the tax law by requiring the exclusive use of encrypted counterfeit-resistant cigarette tax stamps.

LS# 2146