



Finance, Revenue and Bonding Committee

PUBLIC HEARING

Friday, March 18, 2016

Testimony on Senate Bill No. 451 (RAISED) AN ACT CONCERNING STATE TAX ADMINISTRATION.

Chairman Fonfara, Chairman Berger, Ranking Member Frantz, Ranking Member Davis and honorable members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to submit joint written testimony in response to Raised **Senate Bill 451: An Act Concerning State Tax Administration.**

the Connecticut Premium Cigar Retailers Association (CPCRA) is the official state affiliate of the International Premium Cigar and Pipe Retailers Association (IPCPR). CPCRA represents the interests of the brick and mortar premium cigar shops throughout Connecticut. Together with the IPCPR, it is the mission of CPCRA to educate our representatives in Hartford on issues of importance to the premium cigar industry.

Retailers are currently required to retain documents for three years, pursuant to CGS 12-330i. If passed, Section 6 of Senate Bill 451 would require that said documents be retained on the premises where tobacco products are sold. In addition, Section 6 would give the Department of Revenue Services (DRS) authority to impose a \$1000 penalty for not having records on the premises and an additional \$1000 a day for each day thereafter the documents are not produced.

IPCPR and CPCRA support the underlying intent of this section and have no objection to the creation of the new fine. However, we respectfully recommend that Senate Bill 451 be amended to clarify that the fine established in Section 6 be limited to the production of documents dated no earlier than October 1, 2016 to coincide with the effective date of this section.

The Department of Revenue Services has conveyed that Section 6 is not intended to be used as an auditing tool but rather a tool to be used by the DRS Master Settlement Agreement Tobacco Enforcement Unit to combat counterfeit contraband tobacco products. As such, this new provision would only be use in an effort to determine the authenticity of products on the premises. Therefore, the

DRS expects there would not be a need for distributors and retailers to produce documents for products not currently in stock.

These assurances from DRS are appreciated, however; we maintain our request for an amendment to Section 6 in order to avoid ambiguity in the statute. We are committed to working with the Finance, Revenue and Bonding Committee and the Department of Revenue Service to develop consensus language.

Thank you again for the opportunity to provide written testimony on Senate Bill 451. We appreciate your consideration.