

Legislative Analysis



COUNTERFEIT CIGARETTE PAPER & GREY MARKET PRODUCTS: PROVIDE PENALTIES

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House Bill 5052

Sponsor: Rep. Jacob Hoogendyk, Jr.

Committee: Judiciary

Complete to 10-10-05

A SUMMARY OF HOUSE BILL 5052 AS INTRODUCED 7-13-05

Under the Tobacco Products Tax Act, it is a felony offense to possess, acquire, transport, or offer for sale contrary to the act 3,000 or more cigarettes, tobacco products other than cigarettes with an aggregate wholesale price of \$250 or more, or 3,000 or more counterfeit cigarettes. It is a misdemeanor offense if the number of cigarettes or counterfeit cigarettes involved is at least 1,200 but not more than 2,999 or if the tobacco products other than cigarettes have an aggregate wholesale value of \$100 or more but less than \$250. House Bill 5052 would amend the act (MCL 205.422 and 205.428) to also apply the above prohibitions to counterfeit cigarette paper, gray market cigarettes, or gray market cigarette paper.

"Counterfeit cigarette paper" would be defined as a cigarette paper with a false manufacturing label or that had not been printed, manufactured, or made by authority of the trademark owner. "Gray market cigarette" and "gray market cigarette paper" would mean any cigarette or cigarette paper the package of which bore any statement, label, stamp, sticker, or notice indicating that the manufacturer did not intend the cigarettes or cigarette papers to be sold, distributed, or used in the United States. This would include, but not be limited to, a label stating the cigarettes or cigarette papers were "For Export Only," "U.S. Tax Exempt," "For Use Outside U.S.," or, for gray market cigarette papers, "For Use In _____ (another country) Only," or similar wording.

The bill would not change the penalties currently in the act: a felony offense is punishable by a fine of not more than \$50,000 or imprisonment for not more than five years, or both, and the misdemeanor offense is punishable by a fine of not more than \$5,000 or imprisonment of not more than one year, or both.

FISCAL IMPACT:

The fiscal impact of this bill would depend on the penalties collected for the counterfeit cigarette paper, gray market cigarettes, and the gray market cigarette paper.

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