

# NOTICE

## ALABAMA PERMITTED/REGISTERED TOBACCO PRODUCT DISTRIBUTORS

DATE: July 29, 2003

TO: ALL TOBACCO DISTRIBUTORS

Since September 1, 1999, Alabama permitted/registered distributors have been required to submit monthly reports to the Alabama Department of Revenue detailing the volume of cigarettes and roll-your-own tobacco manufactured by nonparticipating tobacco manufacturers (NPMs) that the distributors have stamped or paid tobacco tax on during the particular month. These reports have been used to establish the amount of escrow required to be paid by the manufacturers under Alabama's Escrow Fund for Certain Tobacco Manufacturers (Title 6, Chapter 12, Code of Alabama 1975).

On June 23, 2003, Governor Bob Riley signed into law Act 2003-372, otherwise known as the Tobacco Master Settlement Complementary Legislation Act, with the effective date of this Act being August 1, 2003. The new Act is intended to enhance compliance with Alabama's Escrow Fund for Certain Tobacco Manufacturers. Under the new law, all tobacco product manufacturers must submit certain information on their products to the Department. Based on those submissions, as well as on the information that will continue to be supplied by permitted/registered distributors, the Department will establish a Directory of manufacturers and brands that are fully compliant with Alabama law. The Directory will be made available to Alabama stamping distributors by email, and will also be available on the Department's website at [revenue.alabama.gov](http://revenue.alabama.gov). The Directory will be released on or about October 31, 2003, and will be updated on a continuing basis. After the initial Directory is released, thirty (30) days' notice will be given to stamping agents before any manufacturer or brand is added or removed.

**Please be advised that upon publication of the Directory, any brand or product which is not listed in the Directory, and that has been stamped, sold, offered for sale or possessed for sale in Alabama, will be deemed contraband and will be subject to seizure and forfeiture. This prohibition includes any brand or product that any permitted/registered distributors have previously purchased, which is rendered contraband upon publication of the Directory. There is no grace period for compliance.**

Any permitted/registered distributor who stamps, sells, or offers for sale a brand which is not listed in the Directory will also be subject to penalties detailed in the Act. These penalties, which can be cumulative, include:

1. license suspension;
2. license revocation;
3. a civil penalty not to exceed the greater of 500% of the retail value of the cigarettes sold/offered for sale/held for sale, or \$5000;
4. seizure, forfeiture and destruction of contraband cigarettes sold, offered for sale, possessed for sale or imported for personal consumption in this state;

5. an injunction against the sale of the product;
6. prosecution for engaging in unlawful and deceptive trade practices;
7. surrender of any profit, gain or benefit from the violation.

In addition, in any civil action brought against you by the state, you may be required to pay the State's costs and reasonable attorneys fees.

Each stamp affixed and each offer to sell cigarettes not listed in the directory shall constitute a separate offense.

The Alabama Department of Revenue will continue with a monthly reporting requirement for stamping agents, but the form on which the report is to be made has been revised somewhat. The new form will be mailed to you prior to the due date of your August 2003 report. **Please be sure that you include a contact name and email address on the form so that the Directory, and any notices regarding additions or deletions from the Directory, will reach you.**

Alabama Department of Revenue Sales, Use & Business Tax Division Tobacco Tax Section P.  
O. Box 327555 Montgomery, AL 36132-7555 (334) 242-9627 phone (334) 242-9706 fax

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