

**September 9, 2008**

**Mr. SCOTT of Virginia:** Mr. Speaker, the Prevent All Cigarette Trafficking Act, or PACT Act, introduced by the gentleman from New York (Mr. *Weiner*), strengthens our law enforcement capabilities against the illegal smuggling of tobacco products.

Every year, billions of cigarettes are illegally smuggled across State lines. This fraudulent activity not only harms the public health but deprives State and local governments of sorely needed tax revenues.

In fact, tax evasion is a chief motivator for cigarette smuggling. Buying cigarettes in a State where the cigarette tax is low and selling them in a State where the cigarette tax is high allows the trafficker to sell the cigarettes at a discount and still turn an illicit profit.

States lose \$1 billion in uncollected taxes each year as a result of illegal cigarette smuggling. The illicit profit also helps finance other criminal activity which creates a revenue stream for organized crime.

Because of the scope and interstate nature of this activity, States cannot adequately address it on their own. It has long been recognized as a Federal concern.

With the existing Federal statutes, the Jenkins Act, which requires reporting interstate cigarette sales to tax officials in the buyer's State, and the Contraband Cigarette Trafficking Act, which prohibits knowingly dealing in contraband cigarettes or smokeless tobacco, those two statutes are simply not up to the task in the Internet age.

The Internet, in particular, makes it possible for today's tobacco smugglers to be even more mobile and invisible and to operate with near impunity. Even when the smugglers can be identified and pursued, they can simply shut down operations and quickly reappear under a new name and Web site.

The PACT Act addresses the shortcomings in the current law by targeting the delivery systems for illegal Internet tobacco sales: the postal system and commercial delivery services.

With limited exceptions, sending tobacco products through the United States mail will be criminally prohibited. And vendors using commercial delivery services for retail sales will be required to notify the tax authorities in the receiving State, conspicuously label all tobacco products, verify the purchaser's age, and keep careful records of all sales.

The bill raises cigarette trafficking from a misdemeanor to a felony. And it authorizes the Bureau of Alcohol, Tobacco, Firearms and Explosives to inspect the premises and files of sellers of significant quantities of cigarettes or smokeless tobacco.

H.R. 4081 enjoys support from a diverse spectrum of entities, including the National Association of Convenience Stores, Altria--the parent company of Phillip Morris--the Campaign for Tobacco-Free Kids, the American Wholesale Marketers Association, and the National Association of Attorneys General, among others.

I commend my colleague, Mr. *Weiner*, for his leadership on this important legislation. I also commend the chairman of the Judiciary Committee, Mr.

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, and the ranking member, Mr.

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I also want to thank the other committees whose jurisdiction has touched on this bill for working with us to bring it to the floor today.

I urge my colleagues to support this important legislation.