

AN ACT

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*Codification  
District of  
Columbia  
Code  
2001 Supp.*

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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To amend, on an temporary basis, Title 47 of the District of Columbia Code to prohibit the sale of gray market cigarettes in the District of Columbia by prescribing the condition of cigarette packages to which excise tax stamps may be affixed and limiting the persons authorized under District law to affix such tax stamps to manufacturers and those wholesalers who purchase cigarettes directly from cigarette manufacturers or the agents of foreign manufacturers.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Gray Market Cigarette Prohibition Temporary Act of 2000".

Sec. 2. Title 47 of the District of Columbia Code is amended as follows:

(a) The table of contents for Chapter 24 is amended by adding the following section designations at the end to read as follows:

"47-2419. Distribution control of gray market cigarettes.

"47-2420. Civil penalties.

"47-2421. Seizure and forfeiture."

(b) New sections 47-2419, 47-2420, and 47-2421 are added to read as follows:

"§ 47-2419. Distribution control of gray market cigarettes.

"Except for the manufacturers of cigarettes, no agent, distributor, dealer, or person shall be licensed or authorized to affix tax stamps to an original package of cigarettes as provided under this chapter unless the agent, distributor, dealer, or person purchases cigarettes for distribution in the District directly from the manufacturer or, in the case of a cigarette manufacturer not located in the United States, from the manufacturer or the authorized agent of the manufacturer. The agent, distributor, dealer, or person shall provide the Mayor with satisfactory proof in writing that the agent, distributor, dealer, or person will be able to buy cigarettes directly from each manufacturer or, in the case of a cigarette manufacturer not located in the United States, each manufacturer or authorized agent from which the agent, distributor, dealer, or person intends to purchase cigarettes. Satisfactory proof in writing shall include a letter on the manufacturer's or authorized agent's letterhead evidencing the manufacturer's or

authorized agent's intent to sell directly to the agent, distributor, dealer, or person.

"§ 47-2420. Civil penalties.

"(a) Any person who affixes a tax stamp or distributes cigarettes in violation of § 47-2402 shall be liable for a civil penalty in the amount of 200% of the wholesale value of the cigarettes, the amount paid for the tax stamps, or \$500, whichever is greater.

"(b) An agent, distributor, person, or dealer who is licensed or authorized to affix tax stamps under this chapter and who purchases cigarettes for distribution in the District directly from a person other than the manufacturer or, in the case of a cigarette manufacturer not located in the United States, from a person other than the manufacturer or the authorized agent of the manufacturer shall be liable for a civil penalty in the amount of 200% of the value of the cigarettes or \$500, whichever is greater.

"(c) The license or authorization to affix stamps of any agent, distributor, dealer, or person found liable for a civil penalty under this section on 2 or more occasions shall be revoked and the agent, distributor, dealer, or person shall not be eligible for a license or authorized by the District to affix tax stamps under this chapter for one year.

"§ 47-2421. Seizure and forfeiture.

"(a) The Mayor shall seize any cigarettes, the packaging of which has been stamped, labeled, or altered in violation of §§ 47-2419 or 47-2420, or which have been purchased in violation of § 47-2419. The seizure may be performed without a warrant. The cigarettes seized shall be forfeited to the District. The District may sell the forfeited cigarettes to its manufacturer or an authorized agent, or in the case of a cigarette manufacturer not located in the United States, to the manufacturer or the authorized agent of the manufacturer. The net proceeds from the sale shall be used to enforce this chapter or §§ 47-2419, 47-2420, and 47-2421.

"(b) For purposes of this section, cigarette packaging shall not be construed to have been modified or altered by a person other than the manufacturer if the cigarettes have been sold to the manufacturer or authorized agent of the manufacturer, or if the most recent modification to, or alteration of, the packaging was by the manufacturer or by a person authorized by the manufacturer.

"(c) The seizure, forfeiture, or sale of cigarettes under this section shall not relieve the violator from any other penalty for violation of a provision of §§ 47-2419, 47-2420, or 47-2421."

Sec. 3. Fiscal impact statement.

The fiscal impact statement is attached.

**ENROLLED ORIGINAL**

Sec. 4. Effective date.

(a) This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), approval by the Financial Responsibility and Management Assistance Authority as provided in section 203(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 116; D.C. Code § 47-392.3(a)), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in the District of Columbia Register.

(b) This act shall expire on the 225th day after its having taking effect or upon the effective date of the Gray Market Cigarette Prohibition Act of 2000, whichever occurs first.

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Chairman  
Council of the District of Columbia

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Mayor  
District of Columbia