

January 22, 2004

The Honorable Bonnie Pannell
Sacramento City Council
730 I Street, Suite 321
Sacramento, CA 95814

RE: Tobacco Retail Licensing

Dear Council Member Pannell:

On February 3, the Law and Legislation Committee will consider the draft of an ordinance authorized last September to license tobacco retailers. Only through local licensing is it possible to reduce sales to minors. The survey data presented to the Committee showed an alarming illegal sales rate of 27% in the City. A Fact Sheet is enclosed that summarizes information about this issue.

Although the STAKE (Stop Tobacco Access to Kids Enforcement) has been in effect since 1994, the state only has nine agents in the field. The current illegal sales rate speaks to the need for stronger local measures. A summary of statewide legislation affecting illegal sales is enclosed. Civil penalties start at \$200 and do not increase significantly unless there are five violations within a 5 year period.

As of January 1, 2004, every tobacco retailer must buy a state license. The **one-time** cost is \$100. The purpose of this new legislation is to assist the Board of Equalization to increase tax revenue by curbing counterfeit and black market cigarettes. It is essentially useless in regard to illegal sales to minors since it requires 4 convictions in one year and an official California illegal sales rate of above 13% to suspend a license. There is no money for enforcement for local action to identify and penalize those merchants who sell tobacco to minors.

The bill specifically allows local government to enact strong tobacco licensing ordinances. Pending legislation, SB 433 (Ortiz), to strengthen enforcement options for illegal sales was killed in Senate Appropriations on January 21.

The City of Sacramento has an opportunity to enact an ordinance that would provide for consistent enforcement of all tobacco laws with convincing penalties. Research indicates this will reduce the illegal sales rate and protect our youth.

We hope the enclosed Q & A will answer questions you might have about the proposed ordinance, but do not hesitate to call with any questions or concerns.

Sincerely yours,

Carolyn B. Martin, Chairperson
Tobacco Licensing Task Force

Encl. (3)