

approved by the commissioner of revenue.

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11 **Maintenance of invoices.** Requires retailers and sub-jobbers to maintain copies of

invoices for all cigarettes or tobacco products at each licensed place of business or at a central location. If the invoices are maintained at a central location, they must be made available at the retail location within one hour at the request of the commissioner. Removes the requirement that invoices list the name and address of the seller and the date of purchase. This requirement is moved to the definition of "invoice."

Effective date. July 1, 2000.

12 **Definition of contraband.** Includes in the definition of contraband for purposes of the cigarette and tobacco taxes any cigarettes not allowed in the country by federal law (gray market cigarettes), and inventory for which there is no invoice.

13 **Seizure of contraband.** Provides that in a court hearing on a contraband seizure under cigarette and tobacco tax provisions, the court is to decide whether the products are contraband. Good faith and lack of intent are eliminated as a defense to a seizure of contraband.

14 **Unlawful cigarette trade practices.** Regulates trade practices relative to the sales of "gray market cigarettes" (cigarette manufactured in the United States for export that are diverted back to the U.S. market) and U.S. brand cigarettes that are manufactured in foreign countries.

Labeling rules. Prohibits sale, distribution, or possession for sale of the following types of cigarettes:

Cigarettes with labels indicating the manufacturer did not intend the cigarettes to be sold in the United States (e.g., containing labels "For Export Only" or "U.S. Tax Exempt");

Cigarettes that do not comply with the federal labeling requirements;

Gray market cigarettes re-imported in the United States in violation of federal law;

Cigarettes for which a list of ingredients has not been submitted to the U.S. Department of Health and Human Services as required by federal law.

Altering labels. This section prohibits altering a package of cigarettes by removing, concealing, or obscuring:

A label that indicates the manufacturer did not intend the cigarettes to be sold in the United States

A health warning that does not comply with federal law (e.g., a health warning required by another country).

Minimum pricing. This section imposes special minimum pricing rules for cigarettes that:

Were first sold in the Minnesota market after 1/1/98; and

Have trademarks, trade dress, and trade names that the confusingly similar to cigarettes that were sold in the Minnesota market before 1/1/98.

These cigarettes are required to be sold at minimum prices that now apply under the Unfair

Cigarette Sales Act to the brands of cigarettes that were sold in Minnesota before 1/1/98. This is intended to require gray market cigarettes and U.S. brand cigarettes that are manufactured outside of the United States to be priced equivalently to their U.S. brand counterparts. This provision will not be enforced by the Commissioner of Revenue under the Unfair Cigarette Sales Act, but only by private lawsuits.

Enforcement. Provides violations are only to be enforced by private causes of action for injunctive or other equitable relief or damages. A successful plaintiff may also recover attorney fees. The court may treble actual damages, if it finds the violation is "egregious." For minimum pricing violations, the court may award exemplary damages to a plaintiff equal to the amount charged below the permitted minimum price.

Violations are also misdemeanors.

Exemptions. The prohibitions do not apply to cigarettes brought into the state for personal use, such as duty free cigarettes.

Effective date. July 1, 2000.

15 **Effective date.** Day following final enactment, unless otherwise noted in individual sections.