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LD 210

Dear members of the Maine Legislature, my name is Charles Giblin and I am the retired Special Agent in Charge of the NJ Department of The Treasury-Office of Criminal Investigation & Internal Security. I am writing on behalf of Altria Client Services. With over 45 years in law enforcement both in uniformed agencies and with 36 years in State Treasury, I've enforced the various Statutes and regulations and assisted in writing and developing these programs including arresting offenders and executing search warrants. I urge you to consider the consequences on law enforcement on the proposed tobacco tax increases.

As an expert witness in numerous Federal District Courts and numerous State criminal investigations across the US, including my time as a task force officer, I have developed a broad understanding of the challenges for States in imposing tobacco tax increases!

Having worked through NJ's own tax increases on cigarettes and other tobacco products I'll state unequivocally that your revenue, health and law enforcement personnel will discover opportunistic and complex schemes which will identify smuggling, counterfeiting AND other related criminal activity that accompanies these tax increases. You will also disrupt your well-regulated industry. We found there was harm to our New Jersey retailers and wholesale licensees during increases.

Cigarette taxes will become an uncertain revenue source. Over the last ten years, total state tax-paid cigarette sales in Maine declined an average of 2.4% a year. If this trend continues or accelerates, the Maine government will collect less revenue from cigarette excise taxes over time resulting in large funding gaps. This is an example of an unintended consequence of this policy change that frequently occurs in the northeast.

My greatest concern is those unintended consequences on law enforcement personnel, especially as police-community relations, and resources, remain strained. Do your law enforcement officers need additional unfunded mandates?

I've also seen the lessons learned from the recent flavor ban in Massachusetts, which has proven the increase in cross border smuggling with New Hampshire as an example.

These criminal activities will include sophisticated transnational criminal enterprises previously identified by US law enforcement in various federal reports. They will deal in high quality counterfeit products as well as high quality counterfeit tax stamps. These counterfeit products and revenue stamps are products of Chinese government owned enterprises. I know this from personal experience as I had previously traveled to China under the auspices of the international Association of Chiefs of Police and was briefed in detail on these matters.

All these criminal cases will reduce revenue expectations and reduce respect for government and your vital programs. All these tax evasion schemes generate illicit funds and other criminal activities, which will be driven by both traditional & non-traditional organized crime groups.

I strongly urge you to reconsider this aspect of your budgetary priorities!