

DES MOINES REGISTER  
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## Iowans Bootleg Cigarettes, Save 40 Cents a Carton

By George Mills

Bootlegging of cigarettes from Missouri into Iowa appears to be increasing.

The difference in taxes is blamed. Missouri's tax is only 4 cents a package, half the Iowa rate of 8 cents a package.

Thus, a carton of 10 packages costs 40 cents less in Missouri.

Iowa collected taxes on slightly fewer than 26 million packages in December of 1965, compared with collections on more than 29.5 million packages in December of 1964.

Iowa tax officials, however, said Wednesday that the real drop was not that large because some large payments came in shortly after the report was prepared.

The officials said states always experience a decline in cigarette revenue in the six months after a tax increase.

### Drop Around Burlington

Nevertheless, some Iowa distributors are concerned over the drop in volume. So are retailers in some parts of the state, especially in the lower Mississippi River area around Burlington.

A tax official estimated the sales decline there at close to 25 per cent. Burlington is about 50 miles from the Missouri border.

Tax officials warned Wednesday that a motorist bringing more than two packages of "outside" cigarettes into Iowa faces the possibility of having his vehicle seized. The officials said such seizure is one of the possible punishments.

The 1965 Iowa Legislature boosted the state tax from 5 cents to 8 cents a package. Nebraska, South Dakota and Minnesota also collect an 8-cent tax. The Wisconsin tax is 10 cents a package and Illinois' is 7 cents, Iowa officials said.

Iowa cigarette collections were

higher than normal for June of 1965, the last month the 5-cent tax was in effect, as smokers stocked up to beat the tax increase. Sales exceeded 33.8 million packages that month, compared with 26.5 million packages for June of 1964.

### How Sales Slipped

For July, however, sales slipped from 29.7 million packages to 23.1 million packages and the drop for August was from 26 million to 23.8 million. September also was down, from 26.3 million to 25.6 million, and the October decline was from 27.9 million to 24.4 million. November recorded a rise, from 24.4 million to 25.6 million.

Sales for the entire calendar year of 1965 totaled 304.4 million packages in Iowa, down only slightly from the 305.7 million packages for 1964.

Cigarette sales nationally were the highest on record in 1965.

DURHAM HERALD

Durham, North Carolina  
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## Tougher Laws Sought On Cigarette-Running

ANNAPOLIS, Md. (AP) — Maryland tax officials asked the legislature Thursday for tougher laws to help them deal with cigarette bootlegging "which rivals the old days of Al Capone."

"It's beyond belief what is going on in this business," Edward F. Engelbert, head of the State Sales Tax Division told members of the Senate Finance Committee.

He said it is estimated New York has lost \$25 million in cigarette tax revenues over the last six months because of bootlegging operations and that Maryland has suffered a \$750,000 loss.

As Engelbert explained it, the

cigarettes are purchased by the thousands of cartons in North Carolina, where there is no state tax, or in Washington, where the tax is 20 cents a carton.

They are resold farther north, where the tax ranges as high as \$1.40 a carton in New York City.

The major change in the law asked by Engelbert would permit the state to confiscate an automobile transporting contraband cigarettes. Currently, the cigarettes may be seized and the driver of the car is subject to a substantial fine and up to two years in jail if he is convicted of illegally transporting cigarettes.

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