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NEW REPORT ILLUSTRATES FAILURE OF COMMONWEALTH'S FLAVORED TOBACCO BAN

Illegal Cigarette Seizures Skyrocket as Usage Rates Remain Unchanged

Tax Revenue Plummets While Illicit Market Thrives

STOUGHTON, Mass. – Contraband cigarette seizures in Massachusetts soared in 2022 with little impact on smoking trends, while sales revenue dropped by \$7 million, most of which was the result of the state's failed ban on menthol cigarettes and flavored tobacco, a new report finds.

The Commonwealth's Illegal Tobacco Task Force released its Annual Report today that includes stunning new data that highlights the growing and largely unaddressed problems that have been created by the state's flavored tobacco ban, which took effect in 2020. The Massachusetts ban on flavored tobacco products resulted in a menthol cigarette excise tax revenue loss of nearly **\$127 million** to the Commonwealth in the 12-months following the ban. Nearly 90% of those sales shifted out of state, primarily to bordering New Hampshire and Rhode Island. The new report illustrates that the revenue loss has continued unabated, while the illegal market for the banned products has increased exponentially.

"Massachusetts' failed tobacco policies have robbed the state of millions in vital tax dollars for prevention and education while having little to no impact on smoking trends," said Peter Brennan, executive director of the New England Convenience Store and Energy Marketers Association. "Both organized criminals and petty smugglers are reaping millions from this newly-created illicit market

while the state is being forced to spend more and more on enforcement, with no long-term plan in place.”

Moving tobacco products out of the heavily regulated retail sales environment has been counterproductive. The ITTF report found that contraband cigarette seizures by a joint task force made up of state police and the Department of Revenue’s Criminal Investigations Bureau and Miscellaneous Excise Bureau skyrocketed from just 5,377 in 2021 to 18,483 in 2022. State police reported seizures soaring from just 40 packs in 2021 to more than 1,900 last year.

In addition, seizures of illicit smokeless tobacco, which was also banned along with menthol, were up 800 percent in 2022. Menthol cigarettes and cigars made up the largest category of illicit tobacco seizures, the report states.

The report points specifically to cases involving menthol cigarettes smuggled from New Hampshire, including a May 2022 case in which state police arrested a Boston man and confiscated more than 400 packs of menthol cigarettes with New Hampshire tax stamps. In another case in June 2022, state police charged a Swansea man with trafficking contraband menthol cigarettes from New Hampshire. In September, the Attorney General’s office indicted a New Hampshire man for tax evasion, money laundering and violating the flavor ban and charged a Newburyport man with tax evasion in connection with a contraband tobacco case. The report notes other cases involving smuggling tobacco from Connecticut and Pennsylvania.

Contraband cigarette trafficking is exploding, especially in states with high tobacco taxes, or with tobacco bans in place. The profit margin for criminals is high for bootleg cigarettes and the risk is low as criminal penalties are minor. Massachusetts authorities are ill-equipped to deal with another illicit market product that criminals are increasingly using to fund organized crime rackets.

In addition to surging costs of enforcement, the Massachusetts flavor ban has increased health care costs while decreasing funding for prevention, education and awareness efforts, all of which receive funding from sales tax revenue. The American Lung Association recently [gave Massachusetts an “F”](#) on its annual report card for anti-smoking efforts, finding that the state spent just 12 percent of the recommended \$70 million budget for awareness, advocacy and education. Adult smoking, meanwhile, declined by just .5 percent, according to the report.

“The ITTF Report makes startlingly clear that our concerns at the time the ban was enacted were well-founded and have come to fruition. The illicit tobacco market is thriving, there has been, at best, a negligible impact on smoking habits, and the state must now deal with rapidly escalating enforcement costs and the same public health impact with less revenue” Brennan said. “The fact is, the solution to curbing youth smoking and reducing adult smoking is to keep these products on the shelves of licensed retailers who check IDs and remit tax revenue that can be used to fund anti-smoking efforts.”

“The illicit market grows every day, denying the state crucial tax dollars and fueling violence and criminal activity” Brennan added. “It’s beyond time for Massachusetts to re-evaluate its failed tobacco policies, while other states pursuing bans should read this report as a warning.”

Read the full report [here](#).

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