

October 7, 2024

Chair, Senate Finance Committee
Chair, Senate Ways and Means Committee
Chair, House Finance Committee
Chair, House Ways and Means Committee

Re: Quarterly Tobacco Enforcement Report

Dear Chairpersons,

As required by R.C. 5703.85, I am submitting to you a report summarizing certain aspects of the Department of Taxation's tobacco enforcement efforts, including:

- The number of tobacco inspections and investigations;
- The number and types of violations of tobacco laws;
- The number of prosecutions for violations of tobacco laws; and
- The number of agents assigned to enforce tobacco laws.

The attached report provides the statutorily required information. I hope you will find the information in this report useful.

Sincerely,

Patricia Harris
Tax Commissioner

Report for the Third Calendar Quarter of 2024

Background

The Ohio Department of Taxation's Criminal Investigations Division (CID) was created in 1971 and is now comprised of twenty-one (21) sworn peace officers and three (3) civilian employees who enforce the criminal provisions of tax laws administered by the Department. These include the cigarette tax, the other tobacco products (OTP) tax, the motor fuel tax, the sales and use taxes, the individual income tax, and income tax withheld by the employer. The Excise & Energy Tax Division and the Audit Division share responsibility with CID for enforcement of Ohio's tax laws for tobacco.

Ohio's Tobacco Taxes

Effective July 1, 2015, House Bill 64, the biennial budget bill, increased the tax on cigarettes from \$1.25 to \$1.60 per pack, in part to help provide for a \$1.9 billion tax cut over the biennium for individuals and small businesses. The budget bill also appropriated \$250,000 to the Department to hire and dedicate Criminal Investigation Agents to the enforcement of tobacco laws. One (1) agent is assigned to the Tobacco Investigative Group (TIG) and focuses his efforts on tobacco investigations and inspections. Beyond this one agent, the remaining twenty (20) agents also conduct tobacco inspections.

Activity

During the quarter referenced above, the Department performed the following activities:

- 1,231 inspections/investigations by the Department, with seventeen (17) inspections/investigations ongoing at the end of this period.
- In conjunction with county prosecutors, pursued five (5) new charges and received four (4) convictions¹ for violations of tobacco laws.

¹ Convictions received may not be related to charges filed during the reported period.

The number and types of violations of tobacco laws pursued during this quarter were as follows:

Types of Violations	Number
5743.10 – Possession of untaxed cigarettes – Under 1200 sticks	1
5743.19 – No Cigarette License – M4	2
5743.20 – Retail/Wholesale Tobacco violation – M4	1
5743.41 – Failure to post license/”Single stick sales” – M4	1