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P.O. BOX 944255
SACRAMENTO, CA 94244-2550

December 31, 2003

NOTICE TO TOBACCO PRODUCT MANUFACTURERS AND FIRST IMPORTERS

Re: NEW LAWS REGARDING TOBACCO SALES - "COMPLEMENTARY LEGISLATION"

You have been identified as a tobacco product manufacturer or first importer of cigarettes or roll-your-own ("RYO") tobacco sold in California during the period of 2000 to the present. California has enacted a new law, Assembly Bill 71, that affects tobacco sales in California. This law becomes effective on January 1, 2004. Among other provisions, A.B. 71 adds section 30165.1 to the Revenue and Taxation Code. A copy of that section is enclosed for your information. We are currently developing emergency regulations to implement section 30165.1 and we will notify you when they have been adopted.

Under section 30165.1, as of June 30, 2004, no cigarette or RYO tobacco may be sold, offered or possessed for sale, or imported for personal consumption in California unless its manufacturer and brand family are listed on the directory established by the Attorney General. No person may affix or cause to be affixed any tax stamp or meter impression to a package of cigarettes or pay the tax on RYO tobacco unless the tobacco product manufacturer and the brand family are listed on the directory. The directory will be published, on or before June 30, 2004, at the Attorney General's website: <http://ag.ca.gov/tobacco>.

In order to be placed on the directory, the tobacco product manufacturer must file a fully completed certification and other forms, as specified by the Attorney General, **no later than April 30, 2004**. We are currently developing these forms which will be mailed to you and posted on our website no later than February 15, 2004. Although the forms are not required to be filed with us until April 30, 2004, **it is strongly recommended that they be filed as early as possible so that any deficiencies in the filings may be identified and rectified prior to June 30, 2004, the date the directory will take effect**. Incomplete certifications will result in exclusion from the directory. A failure to be in complete compliance with California's escrow reserve fund law, Health and Safety Code sections 104555-104557, for all cigarettes or RYO sold in California from 2000 until the establishment of the directory will also result in exclusion from the directory. Knowingly certifying false material information in any documents filed in support of an application for listing on the directory is a misdemeanor.

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We will post a Frequently Asked Questions (FAQs) page on our website by February 15, 2004. Please consult that page before contacting us with questions. If you do need to contact us regarding section 30165.1, you may leave a recorded message at (916) 565-6486 or send us e-mail at tobacco@doj.ca.gov. For questions regarding licensing of manufacturers and importers or any other provisions of AB 71, please contact the Board of Equalization at 800-400-7115 and/or the BOE website at <http://www.boe.ca.gov>.

TOBACCO LITIGATION AND ENFORCEMENT SECTION
OFFICE OF THE ATTORNEY GENERAL
VOICEMAIL MESSAGE LINE: (916) 565-6486
E-MAIL ADDRESS: tobacco@doj.ca.gov
FAX: (916) 323-0813
WEBSITE: <http://ag.ca.gov/tobacco>.

Enclosure: Excerpt of A.B. 71 (Revenue and Taxation Code Section 30165.1)