



Scott Walker
Governor

Richard G. Chandler
Secretary of Revenue

For Immediate Release

March 23, 2012

CONTACT: Stephanie Marquis, 608-266-2300

Revenue to Ask Court to Rule on Roll Your Own (RYO) Issue

The Wisconsin Department of Revenue (DOR) announces it will ask the Dane County Circuit Court to rule on the sale and use of pipe tobacco in roll your own (RYO) machines prior to the court making a final decision in the RYO case between the agency and RW Petersen, LLC, et. al. (RW Petersen).

Specifically, DOR will be filing a motion for injunctive relief with Dane County Circuit Court by March 30. The injunctive relief motion will ask the court to bar the use of pipe tobacco in RYO machines because state law prohibits the sale of tobacco for use in cigarettes, unless that tobacco is listed on the state's directory of approved brands. No pipe tobacco brands are listed on the directory. (A motion for injunctive relief requires a party in the case to do – or refrain from doing – specific acts.)

Pipe tobacco is widely used in RYO machines because it is less expensive than RYO tobacco, and DOR will be asking the circuit court to require RYO retailers to refrain from selling or using pipe tobacco in RYO machines. This is one of the issues pending in the RYO case, but a final decision involving the sale and use of RYO machines to mass-produce cigarettes is not expected from the court until later this year.

"Companies who operate in Wisconsin are required to follow our state laws and regulations, and that's what most citizens across our state would expect as well – stores that follow the law," said Stephanie Marquis, Spokesperson. "Our agency is dedicated to enforcing our tobacco regulations fairly and equitably, and we will be pursuing this issue further in court on behalf of all the businesses across Wisconsin that are already following the state's tobacco laws. RYO retailers have an unfair business advantage because they are not following the same laws and regulations."

Last year, RYO machine companies asked the circuit court to prohibit DOR from treating RYO retailers that are mass-producing cigarettes as manufacturers under Wisconsin state law. In October 2011, the circuit court granted a preliminary restraining order against DOR, and then later issued a temporary injunction in February 2012. Until the circuit court reaches a final decision in the case, RYO retailers:

- Are not required to obtain tobacco manufacturing and distributor permits
- Are not required to obtain certification from the Wisconsin Department of Justice to be placed on its approved directory of cigarette manufacturers whose cigarettes are legal for sale in Wisconsin
- Are not required to obtain certification from the Wisconsin Department of Safety and Professional Services that these cigarettes meet the fire safety performance standards
- Are not required to establish and fund an escrow account as would normally be required under state law for cigarette manufacturers

Both DOR and RYO machine company RW Petersen must file their final arguments with the circuit court by June 15. The court is not expected to make any final decisions about all the issues related to the legality of owning and operating RYO machines until later this year.

- END -