

**CHAPTER 6****UNFAIR CIGARETTE SALES ACT****Authority**

N.J.S.A. 56:7-31.

**Source and Effective Date**

R.2004 d.239, effective May 28, 2004.  
See: 36 N.J.R. 933(a), 36 N.J.R. 3302(a).

**Chapter Expiration Date**

Chapter 6, Unfair Cigarette Sales Act, expires on May 28, 2009.

**Chapter Historical Note**

Chapter 6, Unfair Cigarette Sales Act, was adopted and became effective prior to September 1, 1969. Pursuant to Executive Order No. 66(1978), Chapter 6, Unfair Cigarette Sales Act, was readopted as R.1984 d.97, effective March 19, 1984. See: 16 N.J.R. 228(a), 16 N.J.R. 746(b).

Pursuant to Executive Order No. 66(1978), Chapter 6, Unfair Cigarette Sales Act, was readopted as R.1989 d.199, effective March 14, 1989. See: 21 N.J.R. 124(a), 21 N.J.R. 1019(a).

Pursuant to Executive Order No. 66(1978), Chapter 6, Unfair Cigarette Sales Act, was readopted as R.1994 d.185, effective March 14, 1994. See: 26 N.J.R. 760(a), 26 N.J.R. 1696(a).

Pursuant to Executive Order No. 66(1978), Chapter 6, Unfair Cigarette Sales Act, was readopted as R.1999 d.79, effective February 4, 1999. See: 30 N.J.R. 3168(a), 31 N.J.R. 669(a).

Chapter 6, Unfair Cigarette Sales Act, was readopted as R.2004 d.239, effective May 28, 2004. See: Source and Effective Date. See, also, section annotations.

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**SUBCHAPTER 1. GENERAL PROVISIONS****18:6-1.1 Definitions**

The following words and phrases, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

“Basic cost of cigarettes” means the invoice cost of cigarettes to the retailer or wholesaler, as the case may be, or the replacement cost of cigarettes to the retailer or wholesaler, as the case may be, in the quantity last purchased, whichever is lower, less all trade discounts and the normal discount for cash, afforded for prompt payment, but excluding any special, extraordinary, or anticipatory discounts for payment within a shorter period of time than the prompt payment date required for eligibility for the normal discount for cash, plus the total face value of any stamps required by the New Jersey Cigarette Tax Act and by any municipal ordinance now in effect or hereafter enacted, if not already included in the invoice or replacement cost. The trade discount and normal discount for cash is deemed to be two percent of the invoice cost or replacement cost of cigarettes.

“Business day” means any day other than a Sunday or a legal holiday.

“Cigarette” means any roll for smoking, made wholly or in part of tobacco, or of any other substance or substances other than tobacco, irrespective of size, shape or flavoring, the wrapper or cover of which is made of paper or any other substance or material excepting tobacco.

“Cigarette Tax Act” means the Public Laws of 1948, Chapter 65 as amended and supplemented (N.J.S.A. 54:40A-1, et seq.).

“Cost of doing business” means and includes without limitation, as evidenced by the standards and methods of accounting regularly employed in the allocation of overhead costs and expenses, paid or incurred:

1. Labor (including salaries of executives and officers);
2. Rent;
3. Depreciation;
4. Selling costs;
5. Maintenance of equipment;
6. Delivery costs;
7. Licenses of all types;
8. Taxes;
9. Insurance;
10. Advertising;

11. In the absence of the filing with the Director of satisfactory proof of a lesser or higher cost of doing business, the “cost of doing business” is to be as follows:

- i. For a retailer, eight per cent of the “basic cost of cigarettes” to the retailer;

- ii. For a wholesaler 5.25 per cent of the “basic cost of cigarettes” to the wholesaler, plus cartage to the retailer outlet if performed or paid for by the wholesaler, which cartage cost in the absence of the filing with the Director of satisfactory proof of a lesser or higher cost is deemed to be  $\frac{3}{4}$  of one per cent of the “basic cost of cigarettes” to the wholesaler.

“Cost to the retailer” means the “basic cost of cigarettes” to the retailer plus the “cost of doing business” by the retailer.

“Cost to the wholesaler” means the “basic cost of cigarettes” to the wholesaler plus the “cost of doing business” by the wholesaler.

“Director” means the Director of the Division of Taxation. Wherever in these rules and regulations the word “Director” is used, it shall mean and include any employee or employees of the Division of Taxation, deputized or authorized, either generally or specifically, to act on behalf of the Director.

“Manufacturer” means any person, wherever resident or located, who manufactures or produces, or causes to be manufactured or produced, cigarettes and sells, uses, stores, or distributes the same regardless of whether they are intended for sale, use or distribution within or without the State of New Jersey.

“Manufacturer’s representative” means any person, employed by a manufacturer, who, for promotional purposes, sells, stores, handles or distributes cigarettes within the State of New Jersey, limited exclusively to cigarettes manufactured by the employing manufacturer.

“Person” means any individual, firm, association, company, partnership, corporation, joint stock company, club, agency, syndicate, municipal corporation or other political subdivision of the State of New Jersey, trust, receiver, trustee, fiduciary and conservator.

“Retailer” means any person who operates a store, stand, booth or concession for the purposes of making sales of cigarettes at retail.

“Sale” means any transfer for a consideration, exchange, barter, gift, offer for sale and distribution in any manner or by any means whatsoever.

“Sell at Retail”, “Sale at Retail” and “Retail Sales” mean any transfer of title to cigarettes for a valuable consideration, made in the ordinary course of trade or usual conduct of the seller’s business, to the purchaser for consumption or use.