

economy, making it harder for families to endure.

We must focus our efforts on working together to enact a continuing resolution in order to avoid a government shutdown, and to enact a plan that provides a healthy balance of revenues and spending cuts that will move us forward without devastating the middle class.

Bills that do not serve any ostensible practical purpose and are simply meant to advance an ideological position should not occupy the House's time, and the American people expect more of their elected representatives.

We must remember that the faces of those who are negatively impacted by the sequester are not of millionaires or billionaires; they are of average Americans who, through no fault of their own, have struggled through a tough economy and fiscal adversity.

As we work together to get our Nation's fiscal house in order, we should strive to carefully consider the impact of decisions—or in this case, the lack of decisions—on the millions of middle and low-income Americans who are counting on us to come to an agreement.

I look forward to working with my colleagues in Congress on both sides of the aisle on a long-term debt and deficit solution, and am confident that we can reach an agreement that will work for the benefit of all Americans.

Mr. COLLINS of Georgia. Mr. Speaker, I rise in strong support of this legislation and I thank the gentleman from Indiana for his continued leadership on this issue.

Last month, this administration stated that it was the most transparent in history. According to recent polls, only 26 percent of Americans agree.

H.R. 668 requires this administration, and future administrations, to include a cost-per-taxpayer calculation of the Federal deficit in their annual budget submission.

Transparency is not a political issue. Regardless of which side of the aisle we sit on, our constituents deserve to know how they are impacted by the decisions we make here in Washington.

This legislation removes the excuses from those who wish to pretend that our country is not facing a fiscal crisis. It replaces rhetoric with fact.

Hard-working men and women in my district, and across America, should know what our out-of-control spending here in Washington is costing them.

The administration recently released their budget for Fiscal Year 2013. It forecasts a \$901 billion deficit this year alone.

My friends in the other body, on the other side of the aisle recently proposed a sequester replacement bill that would add \$41.5 billion to the deficit in 2013. Over 10 years, the bill would add another \$7.2 billion to the deficit.

Taxpayers deserve to know what such proposals would cost them individually. This is a commonsense bill that already passed the House in the form of an amendment. This isn't a political issue, it is reasonable and rational legislation that lets the American people know we can be serious about their financial future, and the financial future of the country.

I urge my colleagues to support this legislation.

The SPEAKER pro tempore. The question is on the motion offered by

the gentleman from Indiana (Mr. MESSER) that the House suspend the rules and pass the bill, H.R. 668.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the yeas have it.

Mr. MESSER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

STOP TOBACCO SMUGGLING IN THE TERRITORIES ACT OF 2013

Mr. GOODLATTE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 338) to amend title 18, United States Code, to include certain territories and possessions of the United States in the definition of State for the purposes of chapter 114, relating to trafficking in contraband cigarettes and smokeless tobacco.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 338

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Stop Tobacco Smuggling in the Territories Act of 2013".

SEC. 2. TERRITORIES AND POSSESSIONS OF THE UNITED STATES INCLUDED IN THE DEFINITION OF STATE FOR THE PURPOSES OF THE PROHIBITION AGAINST TRAFFICKING IN CONTRABAND CIGARETTES AND SMOKELESS TOBACCO.

Paragraph (4) of section 2341 of title 18, United States Code, is amended by striking "or the Virgin Islands" and inserting "the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, or Guam".

The SPEAKER pro tempore (Mr. MESSER). Pursuant to the rule, the gentleman from Virginia (Mr. GOODLATTE) and the gentleman from Virginia (Mr. SCOTT) each will control 20 minutes.

The Chair recognizes the gentleman from Virginia (Mr. GOODLATTE).

GENERAL LEAVE

Mr. GOODLATTE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous materials on H.R. 338, currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

□ 1330

Mr. GOODLATTE. Mr. Speaker, I yield myself such time as I may consume.

Cigarette trafficking is a very lucrative crime both here in the United States and abroad. It is estimated that illicit cigarettes account for over 10 percent of the more than 5.7 trillion cigarettes sold globally each year. Here

in the United States alone, approximately 4 billion of the cigarettes sold each year are illicit.

Cigarette smuggling is generally carried out by large criminal organizations that take advantage of the significant disparity between the taxes levied on cigarettes across the States. These differences create a highly lucrative market for individuals to evade State and local sales taxes by purchasing cigarettes in one locality and transporting them to another for resale below market value. It is estimated that criminals can make a profit of as much as \$1 million on just a single truckload of illicit cigarettes.

Cigarette smuggling is not just profitable for criminal networks; this crime also harms State and Federal revenues. According to the Justice Department, this illicit activity costs the States and the Federal Government an estimated \$5 billion each year. This is money that could and should be put to better use.

In 2009, Congress took steps to curb contraband cigarettes with the Prevent All Cigarette Trafficking, or PACT, Act. The PACT Act prohibits the sale of cigarettes and other tobacco products over the Internet and made changes to the criminal anticigarette smuggling statutes.

H.R. 338, the Stop Tobacco Smuggling in the Territories Act of 2013, provides a technical correction to ensure that the criminal prohibitions against cigarette smuggling apply to the U.S. territories of American Samoa, Guam, and the Northern Mariana Islands just as they do in the rest of the country. Without this fix, cigarettes sold in these territories without evidence that taxes were paid do not fall within the definition of "contraband cigarettes." This is a modest but important change that will help to discourage crime and increase tax revenues in these United States territories.

I want to thank Mr. FALBOMAVEGA for his work on this issue, as well as the ranking member on the full committee and the subcommittee for their support of this effort, and the chairman of the Crime Subcommittee, Mr. SENSENBRENNER, as well, and I urge my colleagues to join me in support of this bill.

I reserve the balance of my time.

Mr. SCOTT of Virginia. I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 338, the Stop Tobacco Smuggling in the Territories Act of 2013. This bill is simple and straightforward. It amends the Contraband Cigarette Trafficking Act by including American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam in this act.

Currently, the Contraband Cigarette Trafficking Act makes it illegal to knowingly ship, transport, receive, possess, sell, distribute, or purchase 10,000 or more contraband cigarettes that do not have a State or territorial tax stamp. The act similarly applies to the sale of contraband smokeless tobacco

in excess of certain specified quantities. With respect to both activities, the act authorizes the imposition of criminal penalties and fines.

As drafted, however, the bill does not apply to American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam. Thus, the Bureau of Alcohol, Tobacco, Firearms, and Explosives is prohibited from investigating Contraband Cigarette Trafficking Act violations in those territories. H.R. 338 will cure this obvious oversight.

Mr. Speaker, cigarettes are believed to be the most illegally trafficked product in the world. In 2006 alone, more than 10 percent of worldwide sales, or 600 billion cigarettes, were counterfeited.

Contraband cigarettes actually present numerous issues. Legally manufactured cigarettes are diverted from legal trade channels in the underworld for resale, evading the imposition of appropriate taxes, costing territorial governments a significant amount of cigarette excess tax revenue each year. They also facilitate unfair competition that hurts the bottom line of legitimate businesses.

Counterfeit cigarettes are also not subjected to any manufacturing safeguards, therefore presenting the potential for products containing toxic ingredients that can seriously jeopardize the health and safety of the smoker.

The lower price also facilitates easier affordability for our youth, resulting in addiction at earlier ages. The illicit trade therefore adds steadily to the health care costs of worker productivity losses and the growing death from tobacco use. Currently, the use of tobacco claims 5.4 million lives a year. This number is projected to rise to 8 million by 2013.

For these reasons, I strongly support H.R. 338 and thank our colleague from American Samoa, Delegate FALEOMAVAEGA, for his leadership in spearheading this issue.

Accordingly, Mr. Speaker, I urge my colleagues to support the legislation, and I reserve the balance of my time.

Mr. GOODLATTE. I continue to reserve the balance of my time.

Mr. SCOTT of Virginia. Mr. Speaker, I yield such time as he may consume to the delegate from American Samoa (Mr. FALEOMAVAEGA).

Mr. FALEOMAVAEGA. I thank the gentleman for yielding, Mr. Speaker, and I especially want to thank my good friend, the chairman of the House Judiciary committee, Mr. GOODLATTE, and Mr. JOHN CONYERS, the senior ranking member, for their support of this proposed bill. I would especially also like to thank JIM SENSENBRENNER, the chairman of the subcommittee, and the gentleman from Virginia, my good friend, for their support in the subcommittee. I also want to acknowledge Speaker JOHN BOEHNER, Majority Leader CANTOR, and our Democratic leader, NANCY PELOSI, for their support.

Mr. Speaker, my district faces a serious problem with tobacco smuggling.

According to a recent study, in 2010 alone, as many as 5.8 million cigarettes were smuggled into the territory. The study found that tobacco smuggling resulted in the loss of about \$725,000 in revenues to the territory. If continued undeterred, tobacco smuggling in the territory will lead to heavier losses in local tax revenues, especially if the cigarette excise tax rate were to be increased. Mr. Speaker, securing and sustaining stable sources of local revenue stream is essential and must be encouraged for the territories, as it has already done for the States.

It was for this reason I began to look into this important issue. I was disappointed, however, to find that under the current law prohibiting cigarette smuggling, not all the territories were included. Under the Contraband Cigarette Trafficking Act that Congress passed in 1978, it is illegal to ship, sell, transport, or possess more than 10,000 cigarettes per month not bearing the tax stamp of the jurisdiction in which they are found. Violation is a felony punishable by up to 5 years in prison and seizure of the contraband cigarettes and/or both.

The Contraband Cigarette Trafficking Act currently, however, does not apply to American Samoa, the territory of Guam, and the Northern Mariana Islands. Historically, when Congress considered the bill in 1978, the Senate version defined "State" to include the 50 States, the District of Columbia, Puerto Rico, or a territory or possession of the United States; however, the House provision excluded the smaller territories. For some reason unbeknownst to me, the conference substitute adopted the House provision. The conference report describes the House provision as "more accurately delineating the practical scope of the legislation."

Mr. Speaker, the bill before us today will correct this oversight under the current law. This important piece of legislation will amend the Contraband Cigarette Trafficking Act to include these territories.

I urge my colleagues to support this bill.

Mr. SCOTT of Virginia. Mr. Speaker, I yield back the balance of my time.

Mr. GOODLATTE. I will close simply by saying cigarette smuggling is a serious problem and revenues lost to the territories that Mr. FALEOMAVAEGA and others represent are lost revenues that they can use to meet legitimate obligations, and we want to help them combat that. So I strongly support the legislation and urge my colleagues to do the same, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise today to support H.R. 338, the "Stop Tobacco Smuggling in the Territories Act of 2013," which adds previously uncovered American territories to the Contraband Cigarette Trafficking Act.

Specifically, H.R. 338 provides that American Samoa, the Commonwealth of the Northern Marianas and Guam will be covered by

the current Contraband Cigarette Trafficking Act, which makes it illegal to knowingly ship, transport, receive, possess, sell, distribute, or purchase 10,000 or more contraband cigarettes that do not have a state or territorial tax stamp.

Currently, only the 50 states, Washington, DC, Puerto Rico, and the Virgin Islands are covered by the Contraband Cigarette Trafficking Act.

We all understand the dangers associated with cigarette smoking and its prevalence in the United States. This bill seeks to treat the aforementioned territories like any other state when it comes to trafficking.

Roughly 23 percent of American adults and 30 percent of adolescents are current smokers. Every day, 3,500 minors try smoking for the first time, one thousand of whom go on to become regular, daily smokers. Moreover, more than 15.5 million children are exposed to secondhand smoke at home.

Smoking kills more people than alcohol, AIDS, car accidents, illegal drugs, murders, and suicides combined, with thousands more dying from spit tobacco use.

About one of every five American deaths is related to smoking, or about 400,000 Americans each year. Tragically, about 50,000 adult nonsmokers in the nation die each year from exposure to secondhand smoke.

More deaths are caused each year by tobacco use than by all deaths from HIV, illegal drug use, alcohol use, car accidents, suicides, and murders combined.

More than 8.6 million Americans currently suffer from smoking-caused illness, and over six million Americans under the age of 18 who are alive today are estimated to ultimately die from smoking. In addition, smokers lose an average of 13 to 14 years of life because of their smoking.

We must do more to dissuade people from smoking.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Virginia (Mr. GOODLATTE) that the House suspend the rules and pass the bill, H.R. 338.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. GOODLATTE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 1 o'clock and 39 minutes p.m.), the House stood in recess.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. ROONEY) at 2 p.m.