

March 26, 2007

*Director, Regulations and Rulings Division
Alcohol and Tobacco Tax and Trade Bureau
(Attn: Notice No. 65)
PO Box 14412
Washington DC 20044-4412*

In the Matter of:

Notice of Proposed Rulemaking No. 65)	
Tax Classification of Cigars and Cigarettes in)	
27 CFR Parts 40, 41, 44, and 45 and Notice)	RM No. 65
of Total Reducing Sugars Analytical Method)	

M & R Holdings, Inc, a tobacco products manufacturer, offers the following comments in response to the above referenced notice.

While M & R Holdings, Inc agrees with the Alcohol and Tobacco Tax and Trade Bureau that there needs to be a clear definition for distinguishing between a little cigar and a cigarette, we oppose the proposed rule as currently set out.

The proposed rules will virtually eliminate an entire class of tobacco products from the industry, thereby resulting in an extraordinary loss of revenue not only to the manufacturers but to the States revenues as well.

Filters-- have been attached to small cigars since approximately 1966. Whether a tobacco product does or does not contain a filter has never been a criteria, nor should it be a criteria for determining a class of tobacco product.

Packaging – there is a need for specific language requirements on tobacco products, as well as any other product in commerce. M&R Holdings, Inc recommends that the requirements that are already in place be maintained. There is no confusion in the market between little cigars and cigarettes.

With respect to the packaging, the proposed over- regulation of these criteria would be unduly burdensome for the manufacturers, its suppliers, and the industry as a whole. There is standardized packaging for the tobacco industry, as well as for any other industry that, because of their size, shape and the way that they are packaged, prevents consumer confusion. Requiring little cigars to be packaged entirely different than the way cigarettes are packaged would be an expensive and unnecessary undertaking for all involved parties. Not every manufacturer would be able to comply with the proposed rules, if enacted, simply due to the excessive financial burden.

We feel that appropriate language that is both realistic and clearly defined would be more than sufficient to make the distinction between the products. For example, beer and cola are clearly two entirely different products, packaged exactly the same, but because of the labeling, they are clearly distinguishable as being two entirely different products and are not mistaken for each other.

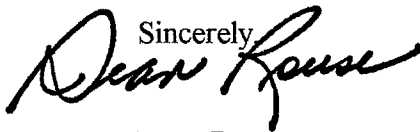
Wrapper and filler – the current procedures for determining that wrappers and fillers comply with existing regulations are sufficient and do not require any changes.

The wrapper and filler should be the only determination used to distinguish between the two products.

Certification of products - Little cigars should only be re-certified when there is a material change in the product. A material change would consist of a major change in packaging, a different type of filler or different type of wrapper.

Summary

M & R Holdings, Inc. opposes the proposed rules. They will eliminate an entire class of tobacco products, resulting in loss of revenue and forcing the closure of many small businesses, and clearly do not offer any beneficial purpose to any party.

Sincerely,


Dean Rouse
President

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