



Testimony of Jamie Py, President and CEO of the Maine Energy
Marketers Association

Before the Taxation Committee,
First regular session of the 128th Maine legislature

March 27, 2017

In Opposition to LD 945,

**"An Act To Reduce the Burden of Tobacco-related Illness by
Increasing Revenue from the Cigarette Tax for Use for
Tobacco Cessation"**

Sponsored by **Representative Joyce McCreight**

Good morning ladies and gentlemen of the Maine Joint Standing Committee on Taxation. Thank you for the opportunity to testify on this important measure. My name is Jamie Py and I serve as president of the Maine Energy Marketers Association (MEMA). We have more than 300 members including convenience store owners who serve more than 415,000 Maine households. On behalf of MEMA, we believe lawmakers should reject L.D. 945, as this legislation may lead to store closures and job loss.

Cigarettes are retailers' number one driver of in-store sales. The National Association of Convenience Stores reports that for every dollar of cigarette sales, a retailer generates \$0.30 in additional sales. As customers find alternative, cheaper sources for cigarettes, retailers are forced to make difficult decisions to survive.

Maine last raised its state excise tax (SET) on cigarettes by \$1.00 per pack in 2005. In the year that followed, Maine retailers lost nearly 7 million pack sales to retailers across the border in New Hampshire. As a result, the aggregate number of Maine's convenience stores decreased by 15 stores, or 5 percent. This is compared to the U.S. aggregate convenience store decrease of less than 2 percent over the same period.

These stores serve as community markets and provide basic goods to households across the state. Yet, in order to avoid closing or laying off employees, stores may raise prices on other products, like milk and eggs. This hurts the community, since convenience stores in some areas serve as the primary source of groceries.

I urge the members of this committee, and the legislature as a whole, to consider the consequences this tax increase will have and to vote no on raising a tax that will potentially result in a greater illicit trade problem, while still failing to meet revenue expectations.

Thank you for your time and attention.