

February 7, 2024

Maine State Legislature  
Committee on Taxation  
c/o Legislative Information Office  
100 State House Station  
Augusta, ME 04333

RE: **LD 2028** – *An Act to Amend Certain State Tax Laws* – NECSEMA Opposes

Dear Members of the Committee on Taxation:

The New England Convenience Store & Energy Marketers Association (NECSEMA) represents convenience stores and gasoline retailers, independent transportation fuel distributors, and the businesses that supply them. NECSEMA members own, operate and/or supply the majority of the 900+ convenience stores in Maine which employ over 15,000 people. Every year, our stores remit roughly \$1 billion in taxes to the state of Maine.

NECSEMA opposes the inclusion of language in Section B-5 of the legislation regarding changes to the taxation of tobacco products. While we recognize the need for revenue generation and the importance of funding various state programs, this provision is entirely unrelated to the other aspects of the legislation and warrants careful reconsideration and modification.

This proposed expansion of taxable items to include any product containing nicotine fails to consider the nuanced differences between traditional tobacco products and emerging nicotine-containing products, such as nicotine pouches. Changing the definition of “tobacco products” to include all forms of nicotine risks creating an economic disincentive for smokers to transition to safer alternatives. Smoke-free products help move adult smokers away from combustible cigarettes – they should not be taxed at the same rate as cigarettes. Maine should instead adopt a policy of tobacco harm reduction, supporting legal, regulated sales of products to adults and providing education and cessation services.

Significantly, the federal excise tax code sets lower rates for most smoke-free tobacco and nicotine products, reflecting the potential of these products to aid in harm reduction efforts. However, the proposed tax rates outlined in this legislation would undermine this approach by subjecting all nicotine products to the same state tax rates as traditional combustible tobacco products.

NECSEMA strongly recommends removing Section B-5 from LD 2028 and finding alternative revenue solutions that do not exacerbate existing public health challenges or harm local businesses and consumers. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter A. Brennan". The signature is fluid and cursive, with a prominent initial "P" and a long, sweeping underline.

Peter A. Brennan, Esq.