

Maine SET proposal

Jason Pierce

Members of the committee, thank you for inviting me to participate in today's hearing and your attention to this matter.

My name is Jason Pierce, I am a Category Manager for Energy North, which operates 19 convenience stores in Maine.

As you consider this tax increase in order to meet your budget proposal, I ask you truly examine the negative impact it will have on both the businesses and your constituents.

In convenience stores, tobacco sales account for nearly one third of all store sales. Increasing the cigarette excise tax will result in reduced store sales and profitability, as consumers tighten their wallets with the increased cost. Furthermore, this tax will force customers to take their business across state borders, into NH, where they can save over \$20 on a carton of cigarettes. During a time of inflation and economic uncertainty, this tax increase will have a negative effect on small businesses and jobs, as well as pushing Maine dollars across the border.

This proposed increase will result in taxes making up nearly half the cost of cigarettes for Maine residents. And though the proposed tax increase will put Maine's average cigarette price "in the middle of the pack" amongst other states. When you consider the average median income for Maine residents, this increase actually puts Maine in the top six of all states. With a pack of cigarettes costing 2.65% of the average daily income.

We have seen many states attempt to use a cigarette tax increase to generate the missing budget revenue needed. 85% of the time, these same states miss the revenue projections on this tax increase. With deficit and budget short fall concerns, this proposal will only look good on paper, as the results are almost guaranteed to fall short.

I appreciate you taking the time to hear my concerns, and I hope you consider the impact this tax increase will have on Maine businesses, residents, and the uncertainty it create with revenue generation for the state.

Thank You.