



March 22, 2023

Senator Ann Cummings, Chair
Members of the Vermont Senate Finance Committee
Vermont State House
115 State Street
Montpelier, VT 05633-5301

RE: S.18 (Flavored Tobacco Product Sales Ban)

Dear Chair Cummings and Members of the Vermont Senate Finance Committee:

As a follow up to the letter that I submitted to the Senate Finance Committee earlier this week regarding S.18, I am sending with this correspondence a document titled “Memo: Estimating the Fiscal Impact of Banning All Flavored Tobacco Products Vermont.”

This new accompanying document is compiled by the consulting firm of Orzechowski & Walker, the authors of the annual data compilation book titled *The Tax Burden on Tobacco*.” This document utilizes the data that Massachusetts lost \$127 million in cigarette and tobacco excise taxes during the first twelve months after its flavored tobacco ban law went into effect on June 1, 2020 to estimate the potential impact on excise tax and sales tax collections that the State of Vermont could experience if S.18 is enacted into law.

The calculation uses Massachusetts’ tax-paid cigarette and tobacco product sales losses and applies that to potential reductions in Vermont’s Fiscal Year 2022 tax revenue. The calculation also includes an adjustment since menthol cigarettes make up 18.1% of total cigarette volume in Vermont versus 31.3% in Massachusetts prior to June 1, 2020.

Based on this calculation, Vermont could experience a \$15 million reduction in cigarette and tobacco excise tax and sales tax collections the first year after a bill banning the sale of flavored tobacco products were to go into effect.

Sincerely,

Thomas A. Briant

NATO Executive Director