



**Testimony on S.24 – Ban on Flavored Tobacco  
Senate Health & Welfare  
Submitted by Erin Sigrist, VRGA President  
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VRGA represents over 750 members across the state. Our membership is inclusive of a variety of business types and models, including general retail, grocery stores, convenience stores, distributors, food producers, and business service members. The retail industry in the state of Vermont employs over 65,000 Vermonters, we collected about \$6.5 billion in FY 2019 in state tax revenue.

VRGA does not support the passage of S.24, the bill that would ban flavored tobacco products and e-liquids due specifically to the financial impact this legislation would have on the retail landscape in Vermont as well as on the state's revenues.

A poll of my members returned a broad impact based on the size of retailer. Based on current sales, small retailers reported that they would see a \$35,000 to \$40,000 loss in revenue from these sales alone. Those on the Massachusetts border reported closer to \$50,000 and \$55,000 loss, a Vermont-based convenience store has reported that this will be a loss of more than \$500,000. The cumulative impact of policies such as S.24 have further burdened the financial sustainability of retailers across this state and will further eliminate jobs.

The Vermont-based convenience store reported that historically they give more than \$250,000 a year to charities around Vermont. In 2020, while they were unable to match that amount, they continued to support cancer research and other community projects by gifting just over \$150,000. This retailer also provides health benefits for their employees; incurring a 9.5% increase in premiums in 2019 and a double-digit increase in 2020, as well as paying hazard pay on top of hourly wages through the pandemic. Due to the pandemic all store upgrades (efficiencies, improved customer experiences, etc) have been put on hold until 2022. These are multi-million dollar investments that would have been reinvested in the communities and provided more jobs and benefits to Vermonters. The President of this company reports that a ban on flavored tobacco would further delay these updates, and also result in the reduction in staffing.

A local convenience and redemption center in Washington County reported that this ban would reduce revenues by \$40,000 alone, this does not include the ancillary purchases that customers make while stopping in the store. He expects that this ban would force a reduction in his 20 person staff by at least three employees.

It's not our place to judge people with addiction. If products have been approved and are regulated by the FDA, consumers will have access to the products outside of Vermont. While customers want convenient access to these legal products, they will go the extra mile to get them should they be banned in Vermont. Further, consumers will make purchases of additional products outside of Vermont as well. Additionally, we will no longer only be talking about the New

Hampshire border impact, but also the New York border impact – and once the Vermont/US border reopens, that will serve as a factor as well.

Further, it's disingenuous to assume that by banning these products - people will "quit". Recent reports on the financial impacts of Massachusetts recent ban shows tobacco/vape sales have surged in Vermont and New Hampshire. As Senator Cummings pointed out during a recent hearing the prohibition of alcohol, and cannabis failed to keep those products out of the hands of underage consumers. If these bans haven't worked in anything else, why do we think banning flavored tobacco within the political borders of Vermont will?

### **Tobacco Compliance Tests**

The Department of Liquor and Lottery each year conducts Tobacco Compliance tests. In 2018, the overall percentage of those licensees who *did not* sell tobacco minors, (passed their compliance check) was 91.90%. In 2019 compliance was up coming in at 92.38%. Retailers do not want to sell to underage consumers for various reason. Retailers and the Department of Liquor and Lottery continue to work closely in improving trainings and access to trainings to ensure that compliance.

Should S.24 pass out of committee as introduced VRGA again requests that the penalty for possession not be eliminated. Aside from human error, tobacco compliance tests have shown that retailers are improving their compliance rates. Retailers incur penalties for incompliance with the law, however, consumers that are out of compliance with a law do not face penalties. It is disingenuous to blame retailers for the underage possession to tobacco products when compliance rates are 92.38%. Further, eliminating the penalty for possession of tobacco products or paraphernalia is also a disingenuous decision and further signals knowledge that a ban on these products will not reduce usage. If the ultimate goal to reduce smoking, those in possession of these products should be held responsible.

Again, VRGA opposes passage of S.24 based on the financial impact to businesses, further reductions in workforce, and the fiscal impact to State revenues.