

# WESCO, INC.



DISTRIBUTOR OF GULF, SHELL AND SUNOCO  
PRODUCTS

January 22, 2024

State of Vermont Legislature  
Montpelier, VT 05602

Re: S.18 – Tobacco Flavor Ban

Dear Legislator,

A flavor ban on tobacco products would be devastating to our company and to Vermont. Our company operates 40 gas station convenience stores in Vermont and represent approximately 4 % of the State's tobacco business.

The loss of these product sales would have significant consequences to Champlain Farms. Based on confidential scan data in 2023, menthol cigarettes and flavored alternative tobacco products provided operating revenue of \$1,364,920. A ban on these products means a staggering loss of **\$113,743.00 PER MONTH** from these products that help to operate our business. (See Chart 1).

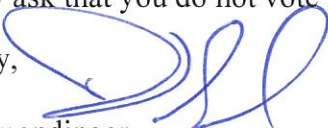
Vermont also stands to lose **\$61,111,078 per year**. This is an estimate based on 19,727,505 cigarette packs sold in Vermont in 2023 (reported to us from tobacco company data) of which we sold 817,667 units or 4.1% of the state's cigarettes. (See Chart 2).

The third chart shows Vermont's estimated projected loss based on our actual sales and average cost of these products to calculate Vermont's 92% tobacco/vape taxes. The loss from menthol cigarettes includes the Vermont state tax plus the expected loss of MSA money. We have also calculated the Vermont Sales Tax loss for the entire category. (See Chart 3).

The ban of flavored tobacco will have a much more devastating impact than just loss of the sales. Flavored tobacco is an important draw for customers to shop at convenience stores rather than larger stores such as Hannaford's or Shaw's. Losing this key competitive category will hit local neighborhood convenience stores severely. Shops that are marginal now will become unprofitable and face closure. High volume stores would be hardest hit and suffer consequences such as reduced hours and lost jobs. To compensate for the loss of flavored tobacco, stores will need to raise prices on other items such as groceries, gasoline and alcohol.

Prohibition has proven to be a terrible idea. Vermonters will find a way to get their desired products that are legal and readily available in surrounding states. Banning flavored tobacco will fuel illegal sales and crime throughout our communities as these items will begin to command a greater street value. Banning flavored alternative tobacco products does not make sense. We sincerely ask that you do not vote for this bill.

Sincerely,

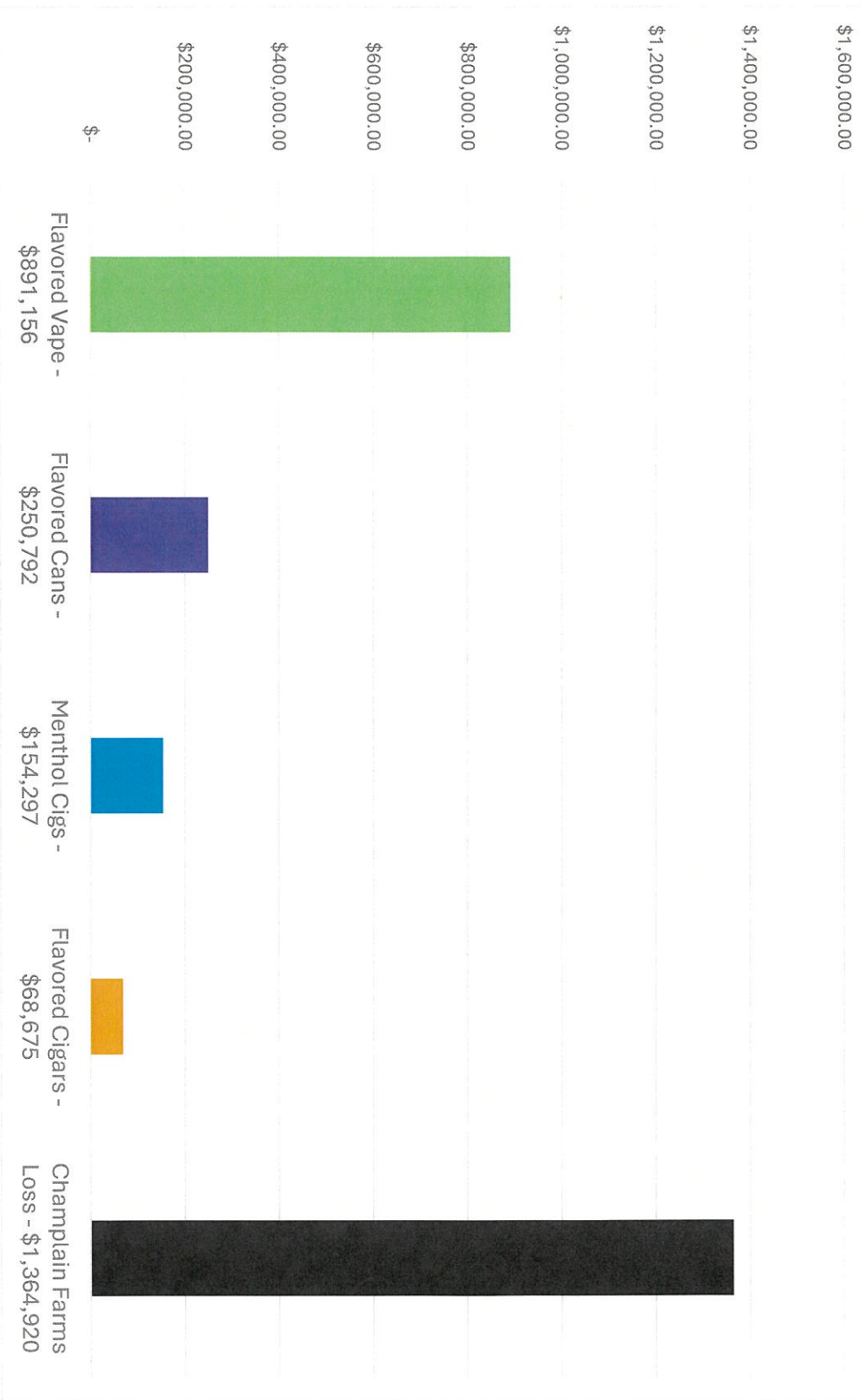
  
Dave Simendinger  
President

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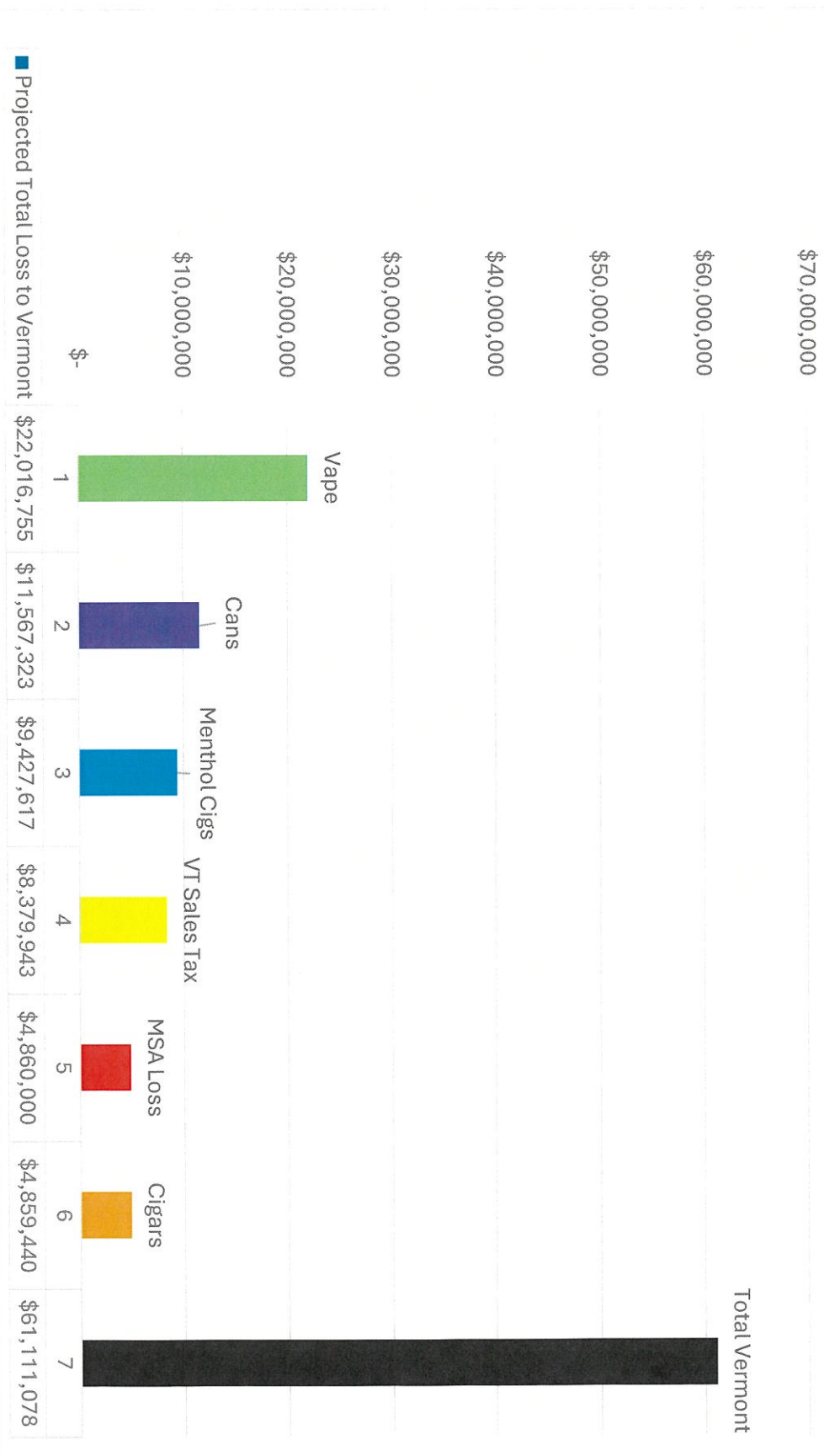
# Projected Operating Revenue Loss to Champlain Farms

\$1,364,920 / Year  
\$113,743 / Month



## Projected Vermont Loss of Tobacco Tax Income

\$61,111,078 / Year  
\$5,117,031 / Month



## Projected Annual Loss to Vermont from a Flavor Ban

	Champlain Farms Units Sold 2023	Champlain Farms % of VT Business 2023	VT Vape, Cans, Cigar Tax Rate	Menthol % of Total Cig packs	Average Tax / Unit	Estimated Total Loss to Vermont
Menthol Cigs	126,869	4.14%	92%	18%	\$ 3.08	\$ 9,427,617
Vape	114,069	4.14%	92%		\$ 8.00	\$ 22,016,755
Cans	149,826	4.14%	92%		\$ 3.20	\$ 11,567,323
Cigars	62,942	4.14%	92%		\$ 3.20	\$ 4,859,440
<p style="text-align: center;">^</p>						
<p style="text-align: center;">Champlain Farms % of VT Business Calculation</p> <p style="text-align: center;">Champlain Farms Cig Packs Sold / Total Vermont Cig Packs Sold</p> <p style="text-align: center;">817,667 Packs / 19,727,505 Packs = 4.14%</p>						
<p style="background-color: #d9ead3; padding: 5px;">Estimated Total Loss to Vermont Calculation</p> <p style="background-color: #d9ead3; padding: 5px;">(Champlain Farms Units Sold / Percentage of Vermont Business) * Average Tax per Unit Sold</p>						
<p style="background-color: #f4cccc; padding: 5px;">VT Sales Tax 6% Calculation</p> <p style="background-color: #f4cccc; padding: 5px;">Champlain Farms Sales \$ of Flavored Tobacco - \$5,782,161</p> <p style="background-color: #f4cccc; padding: 5px;">\$5,782,161 * 6% = \$346,929</p> <p style="background-color: #f4cccc; padding: 5px;">\$346,929 / 4.14% = \$8,379,943</p>						
<p style="background-color: #fce4d6; padding: 5px;">Menthol Cig MSA Loss Payment to Vermont Calculation</p> <p style="background-color: #fce4d6; padding: 5px;">\$27,000,000 * 18% = 4,860,000</p>						
<p style="text-align: right;">Total Tobacco Dollars \$ 47,871,134</p> <p style="text-align: right;">VT Sales Tax 6% \$ 8,379,943</p> <p style="text-align: right;">Menthol Cig MSA Payment \$ 4,860,000</p> <p style="text-align: right;">Total Loss to VT \$ 61,111,078</p>						