



Dear Chair Kornheiser, Vice Chair Canfield, and esteemed members of the Vermont House Committee on Ways and Means,

I am writing on behalf of Stewart's Shops, a well-established convenience store company founded in 1945 near Saratoga Springs, NY, renowned for our delectable ice cream. Our employees share in ownership, with nearly 40% of our stock owned by our dedicated staff, we take pride in our operations in the state of Vermont.

I write today with concerns regarding S.18. While many of my apprehensions have been raised throughout the legislative process, I wish to draw your attention to a crucial aspect that has not received adequate consideration – the amendment proposed by the Vermont Department of Health on January 19th. Specifically, the language addressing coupon and discounted tobacco products is alarming for the retail community.

Let me emphasize that my intent is not to question the motives behind Ms. Carbee's amendment. Unfortunately, it appears that there may be a lack of understanding of the convenience gas sector. In New York, where we operate the majority of our stores, the law already prohibits offering discounts such as multi-packs and coupons, and we are fully compliant.

However, the language in Vermont's proposal goes beyond these restrictions. Operating a convenience store involves establishing partnerships with vendors to optimize store space. For instance, many other companies with products in other categories aside from tobacco provide rebate funding for exclusive cooler door access or shelf space as example, and the same principle applies to tobacco companies.

Tobacco vendors offer retailers like Stewart's Shops rebates in exchange for prime space on our tobacco fixtures, a common industry practice. Adult tobacco consumers are generally unaware of these rebates and do not perceive them as discounts; they are integrated into their everyday prices.

Ms. Carbee's amendment would outlaw these rebates, impacting our ability to offer competitive prices on tobacco products and, consequently, affecting our projected earnings. The amendment represents a de facto "tax increase" for our business while our operating costs continue to increase at an alarming rate.

Stewart's Shops operates over 355 stores in two states. The projected loss for our nine Vermont stores in 2024 due to this amendment is nearly \$100,000. This revenue is vital for employee wages, benefits, store renovations, and other operational aspects.

I acknowledge the complexity of the issue at hand and appreciate your dedication to finding a balanced solution. However, Ms. Carbee's amendment exacerbates the challenges posed by S.18. I am more than willing to further discuss the significance of these rebates and the unintended consequences of the current language. Please feel free to reach out via email or phone.

Thank you for considering my concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Chad Kiesow". The signature is fluid and cursive, with a large initial "C" and "K".

Chad Kiesow

COO – Stewart's Shops