



WMDA/CAR Service Station and Automotive Repair Association

Chair: Vanessa E. Atterbeary and Members of Ways and Means Committee

RE:HB1073

Position: Oppose

My name is Kirk McCauley, my employer is WMDA/CAR, we represent service stations , convenience stores and repair facilities across the state, as a non- profit trade group.

This proposed tobacco tax increase sounds good on paper, but as always, the devil is in the details. Customers come to our Convenience stores, well for convenience. One stop shopping, gas, then they come in for coffee, hot dog or sub, cold water or soda and yes tobacco products. Not only sales for the retailer but a sales tax for the state, 6% on store merchandise and \$.47 cents on every gallon of motor fuel. Let us look at the totals

- 1 customer average fill up 12gal. = \$5.64, hot dog and coke \$5.00= \$.30, pack of cigarettes \$10.00 = \$3.75
- Maryland taxes paid by one customer in one visit, a whopping \$9.69 , if that customer stops in VA,DE, or WV Maryland gets \$.000.
- There are over 1600 locations that sell tobacco a short drive from our borders, these retailers would lose the most, along with the state, when tobacco is bought.

Loss of sales to retailers is a major concern. By raising tobacco tax on cigarettes \$.75 Maryland will get a little boost in revenue but it will quickly fade away as smokers find other sources other sources for product. Maryland would have the third highest cigarette tax behind NY and DC. In DC where we have members, tobacco and is all over the street with serious crime over territory of separate groups. While I do not have members in NY, the tax foundation says illicit sales amount to over 50% of tobacco sales and with the loss or revenue in Billions .

- Maryland retailers follow the law and age verify; Smugglers that do illicit sales check no ones I D.
- Higher taxes bring more organized crime to all areas, too much profit for these gangs to ignore with truly little penalty. They also use underage teens to sell their products.
- Illicit sellers check nothing, and collect no tax, and Create violence, Bad for retailers, bad for state and bad for youth tobacco enforcement.

Please give HB1073 an Unfavorable Report

Questions can be addressed to Kirk McCauley, 301-775-0221 or kmccauley@wmda.net