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My name is Barry Margolis and I am the president and owner of Cooper-Booth Wholesale. I would like to thank you for allowing me to address you regarding SB 3. Cooper-Booth Wholesale Company is a distributor serving convenience store retailers in 6 mid-atlantic states one of which is Maryland. We supply a variety of product categories to the retailers the largest being tobacco items such as cigaretttes, cigars, pipe tobacco, snuff and electronic cigarettes.

I am the third generation to operate our family business which employs 284 people. I have worked at our company for 30 years.

We oppose SB3 for a number of reasons:

1. Repealing the prohibition on county, municipal, special taxing districts or other political subdivisions will create a reporting and tracking nightmare for wholesalers and retailers.

Having a uniform tax approach across the state makes sense for the state and the business community by creating a level playing field for all businesses.

Having some municipalities with higher or lower taxes will cause the consumer to shift their buying behavior to minimize costs.

Tax inequalities between municipalities will likely increase criminal conduct as an opportunity will be created to acquire product from low tax areas and ship it to high tax areas for resale.

2. We oppose the dramatic increases on the taxes in SB3 for cigarettes, OTP and Electronic cigarettes for several reasons.

Increasing the tax rate on cigarettes, from \$2.00 per pack to \$4.00 per pack will make Maryland more expensive than neighboring states of PA at \$2.60, DE at \$2.10, VA .30 and WV. \$1.20.

Consumers are smart and will purchase cigarettes and other tobacco products where they are the least expensive which will be outside of Maryland. They will also purchase gas and other items on their trips hurting the sales of Maryland stores. Reduced sales reduce corresponding sales and income taxes. If there is less business, the stores will need less labor hours which mean job cuts. Our company will be hurt by the sales reduction in Maryland. Some stores close to the border may have to shut down if the losses are too severe. We have seen this scenario play out in other markets.

3. Increased tobacco taxes can result in less tax revenue for the state. As the taxes increase, the volume decreases as consumers find less expensive alternatives. Some states such as NJ were surprised when the last tobacco tax increase did not come close to the projected revenue and resulted in decreased collections. This same scenario will likely play out here in Maryland.

4. Increased tax rates on tobacco products is associated with increases in various crimes. It encourages cross-border and black markets for lower cost contraband product.

In many markets, our sales people report seeing product being delivered out of cars or white vans. These shadow distributors attempt to operate below the radar of authorities. Some are not properly licensed or registered to do business. They don't report their sales and remit the required taxes. They don't even have computers. The stores buy a few items from their legitimate wholesaler but the bulk is purchased from these undocumented shadow wholesalers that have lower prices on the untaxed products.

Tax enforcement resources are limited and prosecution of the cases is small relative to the size of the problem.

Cigarettes are one of the most stolen consumer products. Higher taxes on cigarettes and tobacco makes theft more attractive. The safety of our delivery drivers and retail clerks is put at risk when one carton of cigarettes has a value of \$95.00. We have had customer stores robbed where they took the cigarettes and vape product and left the cash register. Our cost of insurance against crime will likely increase.

In conclusion, we oppose SB3 since the it will negatively impact our business and the business of our retail customers.

Thank you for your time.