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MASSACHUSETTS HAS LOST NEARLY \$62 MILLION IN MENTHOL CIGARETTE TAX REVENUE THROUGH FIRST 6 MONTHS OF FLAVOR BAN

New Hampshire and Rhode Island continue to reap millions from failed Massachusetts ban

STOUGHTON, Mass. (January 5, 2021) – Excise tax losses from menthol cigarettes continued to mount at a rate of over \$10 million per month during the first 6 months of the state’s ban on flavored tobacco while New Hampshire and Rhode Island businesses and state coffers reaped the benefits of the Commonwealth’s ill-conceived and now failed policy.

“With every month that passes, the state’s ban on flavored tobacco becomes increasingly absurd,” said Jonathan Shaer, Executive Director of the New England Convenience Store & Energy Marketers Association. “All anyone needs to do is look at the excise tax stamp numbers from June through November to understand how ineffective and ridiculous this ban is. Rhode Island and New Hampshire have combined to sell 18.9 million more stamps than they did over the same period in 2019 while Massachusetts has sold 17.7 million fewer. Indisputably, menthol cigarettes are purchased in neighboring states and then brought back into Massachusetts for personal consumption or illicit market sales.”

Updated data for June – November 2020 vs. same period prior year. These figures are for cigarettes only and do not include other forms of flavored tobacco including smokeless, pipe or cigar.

- Massachusetts
 - Cigarettes excise tax stamp sales down 17,656,000 or 23.9%
 - Cigarette excise tax loss: \$61,972,560
 - Estimated loss including sales tax: \$73,008,000

- Rhode Island
 - Cigarettes excise tax stamp sales up 2,847,000 or 18.2%
 - Cigarette excise tax gain: \$12,100,000
 - Estimated gain including sales tax: \$14,066,740

- New Hampshire
 - Cigarettes excise tax stamp sales up 16,053,000 or 29.7%
 - Cigarette excise tax gain: \$28,574,340

Actual retail sales information from NECSEMA members during these 6 months reveal further distressing results:

- Non-flavored cigarette sales in Massachusetts have increased 15%, and non-flavored smokeless sales have increased 350% vs. the same period in 2019.
- Total cigarette sales in New Hampshire have increased 46%, menthol cigarette sales are up 90% and mint/wintergreen smokeless sales are up 105% vs. the same period in 2019
- Total cigarette sales in Rhode Island have increased 20%, menthol cigarette sales are up 29% and mint/wintergreen smokeless sales are up 59% vs. the same period in 2019.
- Total in-store sales in Massachusetts are down 10% while they are up 93% in New Hampshire and 15% in Rhode Island.

“I challenge anyone to demonstrate how this ban has been effective,” Shaer said. “New Hampshire and Rhode Island imports have replaced sales once made in Massachusetts by licensed retailers. In fact, the latest data shows an uptick in cigarette sales when you combine the increases for non-flavored cigarettes in Massachusetts with total cigarette sales gains in New Hampshire and Rhode Island. Massachusetts small businesses have lost, the Massachusetts budget has lost, public health has lost, and youth who this law was allegedly intended to protect have lost since prevention revenue has greatly diminished.”

NECSEMA opposed the flavored tobacco ban in 2019 when it was first presented, and continues to monitor sales data to demonstrate the failure of the law and the wrongful impact to its members. The association represents both chain and independent convenience store owners, including many in urban communities that are being disproportionately affected by this ban. According to the National Association of Convenience Stores (NACS), there are 3,360 convenience stores in Massachusetts with 54,000-plus employees accounting for \$17 billion in sales annually. With over 89% of legal cigarette sales occurring at convenience stores, this policy hits its industry particularly hard.

“The focus should have solely been to address youth access and use of flavored vape. Instead Massachusetts overstepped to include adult products and now stands alone as the only state with a comprehensive flavored tobacco ban,” Shaer said. “While any underage use of tobacco is concerning, a ban on what are clearly adult-preferred products isn’t appropriate.”

To speak with Jonathan Shaer, please contact Dave Wedge at davidmwedge@gmail.com or 617-799-0537.

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