

**TESTIMONY OF ANNE FLINT
FEBRUARY 23, 2009
RETAIL PURCHASING MANAGER
CUMBERLAND FARMS, INC.**

**BILL No. 930 (CONNECTICUT- AN ACT CONCERNING THE CIGARETTE TAX,
THE TOBACCO PRODUCTS TAX AND ALCOHOLIC BEVERAGE TAX) Referred to
Committee on Finance, Revenue and Bonding**

1. **Introduction.**

Mr. Chairman, Honorable members of the Committee on Finance, Revenue and Bonding, and members of the public, my name is Anne Flint and I am Retail Purchasing Manager for Cumberland Farms, Inc., based in Canton, Massachusetts. Cumberland Farms has over 60 stores in the state of Connecticut, including our newest store in Farmington that opened last Thursday. This new store employs an entirely unique concept and layout from our other stores and is the first of its kind for Cumberland Farms in all of the states where we do business. I encourage you to visit the store, which we hope you will enjoy.

2. **Cumberland Farms is a Significant Employer in the State of Connecticut.**

Cumberland Farms presently employs over 600 employees in the state and serves thousands of customers each day. Our stores and employees help fuel Connecticut's economic engine. Despite today's challenging economy, Cumberland Farms has invested significant resources in Connecticut. Not only have we chosen Connecticut to showcase our new concept store in Farmington, but we are also in the process of completely remodeling our Deep River store that will reopen in a few weeks. We are excited about these new business opportunities in Connecticut. Nevertheless, with the current economic climate and the new 62¢ federal excise tax that goes into effect on April 1, 2009, we at Cumberland Farms are very concerned about the impact Bill No. 930 will have on our Connecticut operations and ability to continue to do business and invest in this state.

3. **The New Cigarette Tax Will Hurt Cumberland Farms and Other Retailers by Driving Away Customers.**

Cigarette sales account for a significant percent of sales revenue in our Connecticut stores. Customers who shop at our stores and purchase cigarettes also buy other products, including gas and basic staples such as milk and bread. These customers are very sensitive to price fluctuations of cigarettes, especially in this challenging economic environment.

To avoid the tax, customers will buy cigarettes from stores in neighboring states and even the Internet. This will, in turn, lead to a significant drop in sales revenues for our Connecticut stores. We have witnessed this trend in many of the states we do business in that have had recent state excise tax increases such as in New York which increased \$1.25 per pack in June and Massachusetts which increased \$1.00 per pack in July.

Because of a significant drop in sales revenues, Cumberland Farms and other cigarette retailers may be forced to close stores in Connecticut and lay off hundreds of employees, putting more people out of work and contributing to the state's unemployment lines.

Closing our stores would also hurt the Connecticut communities that depend upon convenience stores for easy access to food, staples and other consumer products. The new tax also places an unfair burden on convenience stores and other retailers that sell cigarettes and other consumer goods. Although the tax is only on cigarettes, sales revenues on those other products will decline because customers will shop elsewhere for such products. Thus, the entire burden of the tax will fall squarely on the shoulders of Cumberland Farms and other convenience stores that sell both cigarettes and consumer products, including those Connecticut communities that depend upon convenience stores for easy access to consumer products.

4. **Sales Tax Revenues Will Drop.**

Ironically, the bill will have the unintended result of reducing state tax revenues because customers will purchase cigarettes outside Connecticut or through the Internet. In addition, we have found that cigarette customers typically purchase lottery tickets with cigarettes. If customers purchase cigarettes outside Connecticut to avoid the excise tax, taxes generated through the sales of lottery tickets will also decrease.

5. **The New Tax Will Make Connecticut More Expensive to Do Business In.**

In conclusion, Cumberland Farms is a proud and committed member of the Connecticut business community. Tax increases, however, together with rising utility costs, employee health care costs, and other increasing costs of doing business are making it more expensive to do business in Connecticut. If enacted into law, Bill No. 930 will only make it more difficult and expensive to do business here. As a result, Cumberland Farms might have to shut down stores instead of investing in new ones and lay off employees, which would be bad not only for Cumberland Farms and its employees, but for Connecticut as well.

Thank you for giving me this opportunity to present testimony before the Committee on Finance, Revenue and Bonding on an issue of critical importance to Cumberland Farms.