



Testimony Submitted By:
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Xtramart Convenience stores

To: Finance, Revenue and Bonding Committee
Relative to Cigarette Tax Increase Proposal in SB 930
February 23, 2008

Chairpersons Daily and Staples, and Committee Members, thank you for allowing me to appear before you today to testify in opposition to SB 930. SB 930 is the legislation that would increase the cigarette excise tax by \$.50 per pack. My name is Kevin Pimental. I am the Retail Automation Manager for Xtramart Convenience Stores. I am also a member of the Connecticut Chapter of the New England Convenience Store Association. I am here to represent Xtramart and hundreds of our employees across the State of Connecticut.

Xtramart is opposed to this significant cigarette tax increase and, for many reasons, we ask you to vote against this bill.

Xtramart currently operates 37 stores in Connecticut as well as employs hundreds of citizens within the state. As history has demonstrated, a cigarette tax increase of this magnitude will certainly have a negative impact on sales at Xtramart and other retailers across the State of Connecticut. There is a serious concern that a passing of this bill will drive away cigarette sales to bordering states, Native American Reservations, and the internet. In some of these circumstances, patrons will be avoiding the state tax all together.

Throughout the State of Connecticut, cigarette sales account for approximately 50% of all Xtramart's in-store sales. This is likely due to the fact that residents of the neighboring states of New York, Massachusetts and Rhode Island make cigarette purchases here to take advantage of the 51 to 54 cent lower tax obligation. If you increase the current cigarette tax, it will eliminate the competitive advantage Connecticut has appreciated and drive those cigarette sales back to the bordering states. Since our customers often purchase more than just cigarettes during their visit to our establishment, the sales of other product offerings will also be adversely

affected. If this bill is passed, it will make it very difficult to operate a convenience store profitably in the state of Connecticut.

We at Xtramart are very proud to be members of the convenience store industry and yet, under current economic conditions, we engage in a daily battle to survive. We battle against the poor economy, big marketers that expand their offerings to compete in the convenience market, and against the many other competitors present on every street corner. It's a fact of life for us – it's part of doing business in this industry. Unfortunately, another cigarette tax increase may be the 'nail in the coffin' for some of our marginal locations. We will need to react by either closing the doors, or by reducing our operating expenses; which can include the layoff of many XtraMart, and Connecticut employees.

During these challenging financial times we simply cannot afford to lose business, and this state cannot afford to lose tax revenues. By increasing this tax, the industry will lose sales, and we believe the state will ultimately lose revenues.

We ask you to vote against this significant cigarette tax increase. Thank you for your consideration.

Kevin Pimental

Xtramart Convenience Stores