

**TESTIMONY By: Diana O'Donoghue, Executive Director**  
**Submitted By: Connecticut Chapter, New England Convenience Store Association**

**To: Finance, Revenue and Bonding Committee**  
**March 15, 2010**

**RE: Testimony Relative to SB 430; AN ACT CONCERNING CERTAIN CIGARETTE TAX VIOLATIONS**

Co-Chairs Daily and Staples, members of the Committee, thank you for the opportunity to submit testimony on behalf of the Connecticut Chapter of the New England Convenience Store Association (NECSA). We represent convenience stores across Connecticut. NECSA's membership consists of independent, family owned convenience stores, independently owned franchise stores as well as chain-operated convenience stores.

NECSA's members ask you to vote against SB 430. If passed, SB 430 would lessen the penalties and fines for the sale of unstamped cigarettes (cigarettes with no taxes paid to the state) by retailers.

NECSA's convenience store members take their legal responsibility to the state and their customers very seriously. If cigarette product that is unstamped is in the possession of a retailer, it has not been subject to the proper taxes nor been distributed by a reputable distributor.

NECSA members are concerned that illegal sales by 'trunk slammers', those who would sell such illegal products to dealers will be encouraged to continue and expand their illegal activities if the fines are reduced so significantly as proposed in this bill. Current fines are up to a thousand dollars or a year imprisonment for knowing violations by dealers (retailers).

This bill as proposed reduces the fines to ninety dollars for unstamped cigarettes of 600 or fewer in the possession of a dealer.

Law abiding convenience store retailers cannot successfully do business in competition with retailers who do not meet their fiscal responsibilities to the state and whose illegal profits on illegal product sales create a competitive disadvantage.

NECSA members respectfully submit that SB 430 could also result in lower tax collection for the state if the penalties are lessened on these illegal activities.

Connecticut has raised the cigarette tax four times in the last seven and a half years with the most recent \$1 increase per pack in October 2009. It's a serious concern for our membership because increasing Connecticut's cigarette excise tax has already driven away some cigarette sales and related purchases as it collapsed the former competitive edge that Connecticut retailers had over neighboring states.

Now, Connecticut's cigarette tax is \$3 per pack which is 49-cents higher than the Massachusetts cigarette tax. Additionally, the cigarette revenues are a declining revenue source and are not sustainable.

We bring these points to your attention as you consider the negative message passage of SB 430 would send to non-reputable dealers and distributors.

Many convenience storeowners are managing their stores and could not be here today. Based upon the negative impacts we've described, NECSA members respectfully ask you to oppose passing SB 430.

Thank you for your consideration of our concerns.