



New England Convenience Store Association

April 23, 2015

Finance, Revenue and Bonding Committee
Legislative Office Building, Room 3700
Hartford, CT 06106

RE: HB 7059, AN ACT ESTABLISHING REGISTRATION FEES FOR SELLERS AND MANUFACTURERS OF ELECTRONIC CIGARETTE PRODUCTS

Chairman Berger, Chairman Fonfara and members of the Committee, thank you for the opportunity to provide testimony today. My name is Steve Ryan and I am the Executive Director of the New England Convenience Store Association (NECSA). NECSA's membership consists of independent, family owned convenience stores, independently owned franchise stores as well as chain-operated convenience stores. According to the National Association of Convenience Stores ['NACS'] there are over 1500 convenience and/or fuel retailers operating in Connecticut employing over 18,000 people.

On behalf of our members here in Connecticut, I am here to express NECSA's strong opposition to the fees proposed in HB 7059 for the application and renewal of an electronic nicotine delivery system certificate of dealer registration. By any reasonable measure, including the costs for other business licenses, these proposed fees are extraordinarily high and would be a significant expense for many businesses.

The proposed five hundred dollar annual fee per location for the electronic nicotine delivery system certificate of dealer registration is actually ten times higher than the fifty dollar per location fee for a cigarette dealer license in Connecticut. In addition, the typical convenience store already pays a wide array of licenses and registrations every year including the following: milk retailers license, lottery license, frozen dessert retailer license, non-legendary drug license (for non-prescription drugs), retail gasoline license, weights and measures registration, food service certification, liquor permit, WIC vendor certification, SNAP program registration and possibly many others. I have attached a list of these licenses that I printed from the state of Connecticut's Business Response Center Website's Q&A under the heading "***What licenses may be required for a grocery store or convenience store?***". As you can see, the list is extensive and the compliance costs for Connecticut businesses are already significant-both in terms of actual fees as well as many work hours for paperwork and applications to meet existing laws and regulations. We believe that adding another large fee to small businesses is clearly the wrong direction for the state.

In addition, the one hundred dollar application fee just to apply for the electronic nicotine dealer registration is four times higher than the twenty-five dollar fee in neighboring Rhode Island for a similar application. This means that retailers in Connecticut that



New England Convenience Store Association

want to sell these products will incur a \$600 expense for the first year and a \$500 expense thereafter for each location. For the owner of 5 stores, this would be a \$3,000 expense in the first year alone and then \$2,500 per year thereafter. When you add in all the other fees they are already paying for the licenses I listed previously and you consider that data shows that the average convenience store makes a pre-tax profit of just under \$48,000 per year, it is clear that these are not insignificant costs to small businesses.

Convenience stores are local businesses and employers and they support their communities. They work hard to sell age-restricted products such as nicotine delivery systems responsibly. For some retailers, these costs will make carrying these products uneconomical even though some customers seeking an alternative to tobacco cigarettes may want them. As a result, many of these sales could be lost to the internet or other sources where sales taxes may not be paid and age verification may not occur. This outcome would not be good for consumers, stores or our state.

I respectfully urge you to not support these extraordinary fees on stores here in Connecticut for the sale of electronic nicotine delivery systems.

Thank you for your time and consideration of our concerns.

Retail/W holesale - FAQ

Connecticut has a wealth of resources available to you. Browse below to learn about some of the most valuable resources available to Connecticut Residents.



What licenses may be required for a grocery store or convenience store?

Depending on the products the business sells, you may be required to file for the following licenses/registrations:

Check with the [local](#) zoning official, health and fire marshal for additional requirements.

The [Connecticut Department of Agriculture](#) requires stores that sell **milk** to obtain the [Milk, Retail Store License](#). Contact the agency: (860) 713-



New England Convenience Store Association

2568 or paula.butler@ct.gov Visit: www.ct.gov/doag

The following licenses may be required through the [Connecticut Department of Consumer Protection](#):

[Frozen Dessert Retailer](#) - the production of frozen desserts for retail sale (for example, the sale of ice cream/"slushy" through softserve machines). If selling scoop and serve ice cream be sure to check with the local health department

[Bakery](#) - the production of baked goods for sale

[Non-legendary Drug](#) - the sale of non-legendary drugs (over the counter drugs)

[Pharmacy](#) - both pharmacy and staff

[Liquor](#) - the sale of liquor

[Retail, Gasoline Dealer Permit](#) - if selling gasoline at retail (Weights & Measures)

[Weights & Measures Device Registration](#) - if serving food through a deli be sure that the scales used to weigh the food are properly registered.

Typically the company that leases scales is responsible for registering the scales. If purchasing the scales, be sure to ask the company that is selling you the scales if they register the scales.

Contact the agency: (860) 713-6160 or food.standards@ct.gov (Food & Standards), (860) 713-6200 or liquor.control@ct.gov (Liquor), (860) 713-6065 or drug.control@ct.gov (Drug & Pharmacy), 860-713-6160 (Weights & Measures)

Visit: www.ct.gov/dcp

There are no trade or occupational licenses required for **food services** in Connecticut. However, a food service certification may be required. For more information please check with the [local](#) health department. For information on the [Food Protection Program](#) contact the [Connecticut Department of Public Health](#). Contact the agency: (860) 509-7297

Visit: www.ct.gov/dph

The Connecticut Department of Consumer Protection also offers guidance on [food safety](#). Contact the agency: (860) 713-6160 or food.standards@ct.gov Visit: www.ct.gov/dcp

The [U.S. Department of Justice Bureau of Alcohol, Tobacco & Firearms](#) requires **retailers of alcohol and tobacco** to register. The Bureau also regulates the operation of importers and wholesalers. For additional information please contact the district or Connecticut offices: Hartford



New England Convenience Store Association

(860) 240-3400 New Haven (203) 773-2060 or visit www.atf.gov

As of the 1/1/03 the [Alcohol and Tobacco Tax and Trade Bureau](http://www.ttb.gov) (TTB), is responsible for all inquiries in regards to regulating the alcohol and tobacco industries imposed on manufacturers and importers of these products. Visit the Bureau's web site for more details www.ttb.gov

If selling **gasoline**, register as a [petroleum products vendor](#) with the [Office of Policy and Management](#). Contact the agency: (860) 418-6232 Visit: www.ct.gov/opm

Register for **sales & use tax** (REG-1), **cigarettes dealer's license (over the counter sales)** (Addendum A), **motor vehicles fuel tax - petroleum products gross earnings tax** (Addendum C), **alcoholic beverages tax** (Addendum D) by filing REG-1 and appropriate Addendum(s) with the [Connecticut Department of Revenue Services](#). File either [online](#) or by [mail](#). Also, retailers should be familiar with the [resale certificate](#). Contact the agency: 1-800-382-9463 (Connecticut only) or (860) 297-5962 Visit: www.ct.gov/drs

The sale of **lottery products** requires an [application](#) to be filed with the [Connecticut State Lottery](#). Contact the agency: (860) 713-6000 for visit the agency website for further [details](#). Once the application is completed with CT Lottery, it is submitted to Connecticut Department of Consumer Protection's Gaming Division for final approval.

The [Women, Infants and Children \(WIC\)](#) program with the [Connecticut Department of Public Health](#) is state subsidy that provides milk, cheese and various food items for women and their infants/children. Open enrollment is available each year on October 1. Request a WIC application in writing including the store name, address and phone number as well as the owner's name. If purchasing an existing business, the existing WIC vendor stamp is not transferable and the new owner must apply as a new vendor. Contact the agency: 1-800-741-2142 or (860) 509-8084 Visit: www.ct.gov/dph

Retailers wanting to accept and redeem food stamps must be registered through the [Supplemental Nutritional Assistance Program](#) (formerly known as the Food Stamp Program) of the [U.S. Department of Agriculture](#). Contact the agency: 1-800-842-1508 Visit: www.usda.gov

The [Connecticut Department of Energy & Environmental Protection](#) regulates activities that may impact the state's natural resources and



New England Convenience Store Association

environment. DEP administers permitting programs that protect the state's resources by regulating the emissions of pollutants, facility operations, and land use activities. If your activity has the potential to impact the environment or the state's natural resources, you may need to apply for and obtain one or more permits. Contact the agency: (860) 424-3003 or dep.webmaster@ct.gov Visit: www.ct.gov/dep

Labeling

Food labeling requirements are under the jurisdiction of the federal [U.S. Food & Drug Administration](#) - Compliance Branch. [Food labeling](#) questions can be e-mailed to industry@fda.gov or call 888-463-6332 (888-INFO-FDA). Visit: www.fda.gov

In addition, the U.S. Food and Drug Administration's Public Health Security and [Bioterrorism Preparedness and Response Act of 2002](#) (the Bioterrorism Act 2002) requires the owner, operator, or agent in charge of a domestic or foreign food processing facility to submit a registration to the Secretary of the FDA. For a foreign facility, the registration must include the name of the U.S. agent for the facility.

Additionally, the [Connecticut Department of Consumer Protection](#) can assist with [food labeling](#) requirements. Contact the agency 860-713-6160 or food.services@ct.gov Visit: www.ct.gov/dcp

Note: Smaller businesses with low volume may apply for a labeling exemption.

Contact the [Connecticut Licensing Info Center](#) (CT-CLIC.com), to learn about further registration considerations. 1-800-392-2122 or [Contact](#) form.

What licenses are required for a liquor store?

The sale of **liquor** or **alcoholic beverages** requires a [liquor license](#) through the [Connecticut Department of Consumer Protection](#). Contact the agency: (860) 713-6200 or liquor.control@ct.gov.

The [U.S. Department of Justice Bureau of Alcohol, Tobacco & Firearms](#) requires retailers to register. The Bureau also regulates the operation of importers and wholesalers. Contact the agency: Hartford (860) 240-3400 New Haven (203) 773-2060.

As of 1/1/03 the [Alcohol and Tobacco Tax and Trade Bureau](#) (TTB), is



New England Convenience Store Association

responsible for all inquiries regarding the alcohol and tobacco industries' regulations imposed on manufacturers and importers of these products. Visit the Bureau's [web site](#) for more details.

The sale of **lottery products** requires a [lottery sales agent's license](#) with the [Connecticut Division of Special Revenue](#). Contact the agency: (860) 594-0643 or dosr@po.state.ct.us.

According to the Connecticut Department of Revenue Services, the **sale of cigarettes over the counter** requires a [cigarettes dealer's license](#) (over the counter sales) registration and the sale of most products is subject to the sales and use tax. Apply for both by filing REG-1 and Addendum A (Cigarette). REG-1 ([online](#), [mail](#)). Contact the agency: 800-382-9463 (Connecticut only) or (860) 297-5962 or drs@po.state.ct.us.

Contact the [Connecticut Licensing Info Center](#) (CT-CLIC.com) to learn about further registration considerations or if you require additional assistance: 1-800-392-2122 or [Contact form](#).