

Public Hearing Testimony for Bill SB-113
Sterling Osborn, Operations Manager for Mercury Fuel

Good Morning and thank for you taking the time to listen to my concerns about the proposed flavor ban. My name is Sterling Osborn and I am the Operations Manager for Mercury Fuel. We operate 22 family owned convenience stores with gasoline in Connecticut. I'd like to briefly talk about 2 areas of concerns I have over this bill.

The first is the impact it will have on Mercury Fuel and other convenience stores in the state overall. Currently in the state of Connecticut there are over 4700 licensed businesses that sell tobacco products to those 21 and older. Within Mercury Fuel, and as a general rule of thumb, cigarette and tobacco sales still make up 50% of more of our total top line sales dollars. Within that number over 41% of those sales comes from menthol cigarettes. This number is even higher in more urban areas where menthol brand cigarettes are the top selling cigarette type over regular tobacco. This bill will impact Mercury Fuel's family business significantly as almost 50% of our locations are in urban areas. An even greater impact will be on the smaller independent business that have only 1 or 2 locations. If this bill passes, there will be numerous business that will need to close permanently due to an enormous loss of sales.

In addition, the impact to our state's tax revenue will be severe. When this bill passed in Massachusetts, that state walked away from over \$100 million dollars in tax revenue and Connecticut is poised to do the same thing. Last fiscal year, CT collected \$349 million dollars in tobacco excise taxes, and of that number, \$151 million was from menthol and other flavored tobacco products. Our state still faces a \$4.3 billion-dollar budget deficit over the next two years and we are still in the middle of a very costly pandemic. The cost of this pandemic is still not totally quantifiable so it's safe to say that deficit will only grow as a result. Is it fiscally responsible for CT to knowingly walk away from \$151 million dollars in revenue right now?

The last point I'd like to make is the around the goal of bill which is to reduce the youth use of tobacco products including vape. The major problem of recent years is the use of vape products by our youth and this is something of great concern to everyone. We currently have a flavor ban on anything other than menthol and tobacco flavored vape products and this has resulted in a 22% decline in that category sales for Mercury Fuel alone. The current flavor ban is working so why do we need to expand it? Also, since 2011 all categories of tobacco are down in use by high school students, according to a recent survey from the National Youth Tobacco Survey. Cigarettes alone have declined from 15.8% to 5%. Even vape has declines an impressive 7.9% in the last year. Almost every category surveyed is in the single digits of use among high school students and has declined consistently every year. The educational programs, public service messages and age verification laws currently in place are working.

If I could just summarize, this flavor will simply make the problem harder to track because of smuggling and illegal sales. In addition, it will cause severe financial impacts

to small, family-run business owners and the State. At Mercury Fuel we already have numerous programs in place to ensure we are selling tobacco products to only those that are over 21 including age verification training for all employees who work in our stores, scanning of ID's at the register as a way of combatting illegal IDs, and there is even software that would allow us to limit the number of products we can sell at the register to an individual that we are currently exploring.

Let's focus on strengthening the laws and programs we currently have in place and not pass a new law that will impact those adult smokers and tobacco users who are legally purchasing their products from a reputable business, which makes up the vast majority of sales in our state. Let's also not put our state in deeper financial distress by knowingly walking away from millions of dollars in tax revenue and by putting small, family-owned stores out of business.