



June 15, 2015

The Honorable Keith Faber  
Ohio Statehouse  
Columbus, OH 43215

Dear President Faber:

On behalf of the Ohio Grocers Association (OGA) and the Ohio Petroleum Marketers and Convenience Store Association (OPMCA), we jointly write to express our concerns with proposed tobacco tax increases contained in Substitute House Bill (HB 64).

A proposed 40 cent increase to the cigarette excise tax and increases to OTP would have a chilling effect on the profitability of Ohio's retailers. Ohio's retailers operate on extremely thin profit margins, counting on large volumes of purchases to keep their businesses vital and afloat. Furthermore, tobacco sales are a top category for convenience stores, accounting for nearly 40% of their total in-store sales. Any increase to the tobacco tax will not only lead to the loss of product sales but also the loss of additional items and sundry sales. This ultimately leads to the reduction of foot traffic in stores and retailers having to reduce hours and workforce.

The proposed tobacco tax increases also place Ohio retailers at a competitive disadvantage with our border states. Our counterparts such as Indiana (99.5 cents), West Virginia (55 cents) and Kentucky (60 cents) already enjoy significant advantages over Ohio's retailers with their excise tax rates. Moreover, Pennsylvania remains tax free on Other Tobacco Products (OTP). Any Ohio increase on OTP is only going to further black market activity and loss of legitimate Ohio retailer sales along the border. Border sales are a very real issue especially when you consider that 46% of Ohio's population lives in border counties according to the 2010 census data.

We respectfully request your consideration of the devastating impact these proposed tax increases will have on Ohio's retailers.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Nate Filler".

Nate Filler  
President and CEO  
OGA

A handwritten signature in black ink, appearing to read "Jennifer Rhoades".

Jennifer Rhoades  
President and CEO  
OPMCA

Cc: Chairman Oelslager, Members of the Senate Finance Committee