

COALITION SAYS PROPOSED TOBACCO TAX INCREASE WILL HURT OHIO RETAILERS, WHOLESALERS AND POOREST OHIOANS

(March 12, 2014 Columbus, OH) – The Ohio Council for Reasonable Business Policy believes that Gov. John Kasich’s proposal to increase Ohio’s tobacco tax by 60 cents per package of cigarettes, or 48 percent, over the next two years will harm Ohio’s retailers, wholesalers, and the poor, as well as result in job losses.

In addition to the increased tax on cigarettes, the Governor is proposing an increase to 49 percent on other tobacco products, including e-cigarettes, by 2015.

“This increase puts Ohio retailers and the entire state at a competitive disadvantage,” said Nate Filler, member of the Ohio Council for Reasonable Business Policy and president of the Ohio Grocers Association. “We already operate on razor-thin margins and we are fighting to survive dealing with an uncertain economy, rising health care costs, and other mandates. This increase, along with the proposed commercial activity tax increase, is going to make it even harder for us to do business in Ohio.”

Gross profits lost to Ohio’s retailers and wholesalers as a result of this tax increase are expected to exceed \$100 million due to a decline in cigarette and other tobacco product sales and lost sales from other items typically purchased at the same time.

“This profit loss will result in lost jobs,” said Beth Wymer, member of the Ohio Council for Reasonable Business Policy and executive director of the Ohio Wholesale Marketers Association. “Currently an estimated 7,500 Ohio retailer and wholesaler jobs are supported by in-state tobacco sales. With this increase it’s guaranteed that Ohioans will lose their jobs.”

Tobacco tax increases will also push smokers and other tobacco product consumers to use alternative methods to get their tobacco without paying higher taxes such as the Internet, military bases, the black market, and traveling to border states with lower taxes to make their purchases.

“Increasing the tobacco tax is not going to stop Ohioans from smoking or using tobacco products,” said Wymer. “They will find other ways to make their purchases. Ways that will harm Ohio businesses.”

Research shows that this tax increase will impact Ohio’s poorest residents, who already pay the bulk of over \$1 billion in tobacco related taxes, as lower income tax individuals are most likely to be tobacco consumers. In fact, 49 percent of Ohio smokers and 41 percent of Ohioans who use other tobacco products have annual household incomes of less than \$25,000.

The members of the coalition include:

Associated Food and Petroleum Dealers; Ohio Association of Convenience Stores, Ohio Coin Machine Association, Ohio Council of Retail Merchants, Ohio Grocers Association, Ohio Petroleum Marketers & Convenience Store Association, Ohio Wholesale Marketers Association, General Cigar, Lorillard Tobacco Company, Reynolds American, Swedish Match, Swisher International, Ohio Licensed Beverage Association

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