

**The Maine Heritage Policy Center
Testimony to Oppose LD 1028
"An Act To Prevent and Reduce Tobacco Use with
Adequate Funding and by Raising the Tax on Tobacco
Products"**

Senator Chipman, Representative Tipping and distinguished members of the Committee on Taxation, my name is Adam Crepeau and I serve as a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to provide testimony in opposition to LD 1028.

The Maine Heritage Policy Center is opposed to a tax increase on tobacco products. First and foremost, Mainers should be able to use tobacco products freely without being over-taxed. The effects of tobacco use have been known for years. Despite this, individuals continue to purchase and use tobacco products and it is their right to do so. Second, this bill would increase the size and scope of government in Maine by appropriating over \$12 million annually for tobacco use prevention and cessation.

Maine already has the 15th highest tax on cigarettes in the country.¹ If this bill is passed, Maine would be moved to fifth place at \$3.50 per pack.² Cigarette users in Maine would undoubtedly drive to New Hampshire to stock-up on cigarettes since their tax is merely \$1.78 per pack (ranked #22). On average, the tax on cigarettes comprises roughly 44 percent of the total price.³

Moreover, the average cost for a pack of cigarettes in Maine is \$7.37, or 73 cents more than the average price in New Hampshire.⁴ This bill would create a difference of \$2.23 and incentivize cross-border consumption. While we can all agree that tobacco cessation in society is a noble goal, increased taxes will not solve this complex problem.

In addition, this bill increases the tax on the wholesale sales price of all other smokable tobacco products from 20 percent to 81 percent. This would make tobacco products, such as cigars, the most expensive in the country.⁵ By placing such a high tax on tobacco products, the revenue for business owners in Maine would likely decrease as consumers flock to other states.

¹ <https://taxfoundation.org/2019-state-cigarette-tax-rankings/>

² Ibid.

³ Ibid.

⁴ <http://fairreporters.net/health/prices-of-cigarettes-by-state/>

⁵ <https://halfwheel.com/cigar-taxes-by-state>

According to testimony submitted by the Maine Energy Marketers Association last session, “cigarettes are retailers’ main driver of in-store sales.”⁶ Every dollar spent in convenience stores generates approximately 30 cents from in-store sales.⁷ If customers are lured to New Hampshire or other states to buy tobacco products due to the cheaper price, business owners would be harmed by this bill.

Further, sin taxes are regressive, meaning they harm individuals living in poverty the most. Because this tax would be levied on individuals purchasing tobacco, regardless of income, people living in poverty would spend a greater proportion of their income on these products than someone making \$100,000 or more.⁸ In addition, adults that generate income below the federal poverty level are statistically more likely to smoke tobacco than high-income earners.⁹ Thus, any increased taxes to tobacco products would disproportionately burden low-income Mainers the most.

For those reasons, The Maine Heritage Policy Center urges the committee to vote, “Ought Not to Pass” on LD 1028. Thank you.

⁶ <http://www.mainelegislature.org/legis/bills/getTestimonyDoc.asp?id=50245>

⁷ Ibid.

⁸ <https://iea.org.uk/sin-taxes-are-aggressively-regressive/>

⁹ <https://www.cdc.gov/tobacco/disparities/low-ses/index.htm>