



Date: January 26, 2021

To: Members of the Wyoming House of Representatives

From: National Taxpayers Union

Re: Oppose HB 55

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we write to express our strong opposition to HB 55. This misguided legislation would raise the tax on cigarette packs from 60 cents to 84 cents per pack. HB 55 would also raise the tax on moist tobacco products from 60 cents to 72 cents per ounce. Although proponents of these tax increases claim they are good public policy, the reality is that these taxes hurt small 'mom and pop' businesses, will disproportionately burden lower income consumers, and will provide an unreliable stream of revenue. We, therefore, urge you to stand with taxpayers and oppose this legislation.

The proposed tobacco tax hikes will harm small businesses still reeling from the effects of the global pandemic. The National Association of Convenience Stores notes tobacco as the top revenue generator for these businesses, accounting for more than one-third of in-store sales nationwide. The bottom line for these businesses will be greatly affected by consumers moving their purchases to the internet, the black market or to no longer buying tobacco altogether.

To make matters worse, a decline in tobacco sales typically transfers into a decline in foot traffic to small businesses, which leads to a decline in sales of other items. If 'mom and pop' stores lose sales, they must either raise prices on their products - which is paid for by all consumers - or make the tough decision to lay off employees, or cut the hours of their low-wage employees. Workers and employers do not deserve this unnecessary financial hit.

Consumers would also be hit with a price increase, especially low-income adult smokers who make up a greater percentage of adult smokers as compared to those who are high earners. Raising taxes will disproportionately burden low-income individuals and force them to make difficult choices at a time when they are struggling to make ends meet. As such, HB 55 is a regressive tax.

Finally, it is well-documented that excise tax revenue is extremely unstable and difficult to predict over the long term. While cigarette tax increases usually correspond with a short-term bump in revenue, after a few years, revenue drops precipitously due to internet sales, smuggling, or declines in smoking rates and often results in lower than anticipated revenues.

NTU strongly believes HB 55 would harm consumers, taxpayers and small businesses. Accordingly, we encourage you to oppose this bill and, instead, work toward a more fiscally responsible future for Wyoming taxpayers and consumers.

Sincerely,

Leah Vukmir
Vice President of State Affairs

Jess Ward
Director of State Affairs