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**Testimony – HB 1570**  
**House Finance and Tax Committee**  
**February 12, 2025**  
**Jared Scheeler, CEO – The Hub Convenience Stores, Inc.**

**Chairman Headland and Members of the House and Finance Tax Committee:**

My name is Jared Scheeler, and I'm the CEO of The Hub Convenience Stores based in Dickinson, ND. We have five locations, all in western North Dakota in the great communities of Dickinson, Beulah, Hazen, and New England. In total we employ more than 100 people. Today I urge you to provide a "DO NOT PASS" recommendation on House Bill 1570.

I work in a tough industry. We see challenges in the labor market. We operate on razor thin margins. We have competitors galore across many different channels. We've had to diversify our businesses by becoming great food service operators, adding car washes, and overcoming many regulatory headwinds from both the state and federal levels.

HB 1570 aims to pile on the challenges we face, and would have a negative impact on my stores, my team members, and my customers. Every day, we serve the fabric of American society. From the blue-collar coal miner to the working soccer mom, we take care of them all. Among them are many, many lower income individuals and families whose lives have been majorly impacted by the economic inflation we've experienced over the past five years. Is compounding inflation part of North Dakota values? Because that's exactly what HB 1570 would do.

Since February of 2021, just four years ago, our wholesale cost on cigarettes has increased by 37%. Chew has increased by 24%. Snus pouches have increased by a whopping 45%. Vaping pods? 53%. Nicotine pouches are the smallest at 16%, but they're by far the category's fastest growing products. I've included a chart to show how these wholesale costs have grown over that time. These numbers far exceed the inflation that we've seen in food and groceries and utilities and rent. Now's not the time to pile on. It's well documented that tobacco taxes collected in North Dakota have declined by 18% since 2021. It's absolutely a result of decreased usage because these products are pricing themselves too high for many consumers. My unit volumes are down more than that during that time. Only 10.8% of adults are cigarette smokers, whereas 52.8% of adults drink alcohol. More adults use cannabis than smoke cigarettes! Youth cigarette smoking has dropped 95.7% since 1996. Let's stop picking on this category.

These taxes would most certainly be a regressive tax and would harm those who need the money the most. They would put us at a competitive disadvantage with neighboring states.

In convenience retail, our total sales across the United States in 2023 was \$860 billion. Of that \$860 billion, we paid \$208 billion in total taxes on products like fuels, tobacco, alcohol, food, payroll, and property. That's a staggering percentage of our sales, and that doesn't even include personal income taxes!

There's enough non-business-friendly challenges we face. When is enough, enough? Let's not pile it on. I ask once again to provide a "DO NOT PASS" recommendation on HB 1570. Thank you.

**WHOLESALE  
COST**

**A 48-Month  
Inflationary  
Glance**

**APPENDIX A  
"TOBACCOFLATION"**

**Zyn Nicotine**

**Pouches**

		% Increase from Previous	% Increase from Sep 2021
Jan-25	\$4.23	1.05%	16.28%
Sep-24	\$4.18	2.90%	15.07%
Jul-24	\$4.07	2.32%	11.83%
Oct-23	\$3.97	0.90%	9.29%
Feb-23	\$3.94	3.60%	8.32%
Aug-22	\$3.80	1.61%	4.56%
Apr-22	\$3.74	0.75%	2.90%
Feb-22	\$3.71	2.14%	2.14%
Sep-21	\$3.64		

**Vuse Alto Vape**

**Pods 4pk**

		% Increase from Previous	% Increase from Feb 2021
Jan-25	\$20.16	2.05%	53.06%
Jun-24	\$19.76	7.51%	49.99%
Feb-23	\$18.38	10.19%	39.52%
Aug-22	\$16.68	4.77%	26.61%
May-22	\$15.92	5.53%	20.84%
Mar-22	\$15.09	3.43%	14.51%
Sep-21	\$14.59	10.71%	10.71%
Feb-21	\$13.17		

**Camel Snus Tin**

		% Increase from Previous	% Increase from Feb 2021
Jan-25	\$5.54	8.88%	45.37%
Nov-24	\$5.09	5.05%	33.51%
Jun-23	\$4.85	5.03%	27.09%
Feb-23	\$4.62	3.01%	21.00%
Oct-22	\$4.48	3.46%	17.47%
Apr-22	\$4.33	3.16%	13.53%
Jan-22	\$4.20	3.39%	10.06%
Jul-21	\$4.06	6.45%	6.45%
Feb-21	\$3.81		

**Copenhagen**  
**Long Cut Can**

		% Increase from Previous	% Increase from Feb 2021
Jan-25	\$6.05	2.18%	23.91%
Jul-24	\$5.92	1.81%	21.26%
Mar-24	\$5.82	2.09%	19.11%
Nov-23	\$5.70	1.75%	16.67%
Jul-23	\$5.60	1.97%	14.67%
Mar-23	\$5.49	1.22%	12.45%
Jan-23	\$5.42	2.48%	11.10%
Jul-22	\$5.29	1.86%	8.41%
Apr-22	\$5.20	1.68%	6.43%
Jan-22	\$5.11	1.74%	4.67%
Aug-21	\$5.02	1.17%	2.88%
May-21	\$4.96	1.69%	1.69%
Feb-21	\$4.88		

**Marlboro Gold**

	Box	% Increase from Previous	% Increase from Feb 2021
Jan-25	\$7.91	2.20%	36.76%
Dec-24	\$7.74	2.25%	33.82%
Jul-24	\$7.57	2.30%	30.88%
May-24	\$7.40	2.78%	27.94%
Feb-24	\$7.20	2.11%	24.48%
Nov-23	\$7.05	2.47%	21.90%
Sep-23	\$6.88	2.38%	18.96%
May-23	\$6.72	2.28%	16.19%
Feb-23	\$6.57	2.34%	13.60%
Dec-22	\$6.42	2.39%	11.00%
Aug-22	\$6.27	2.49%	8.41%
May-22	\$6.11	2.55%	5.78%
Feb-22	\$5.96	3.15%	3.15%
Feb-21	\$5.78		