

Dear Members of the North Dakota Legislature:

On behalf of Ewing Oil, a locally owned business founded in 2017 based out of Grand Forks, and operating three locations in North Dakota, I write to express our strong opposition to SB 2281 and HB 1570.

Ewing Oil Stores proudly serves the residents of North Dakota and has contributed to the state's economy. However, the proposed cigarette excise tax increase of \$1.09 per pack, along with the new 56% tax on vapor products and nicotine pouches, would have devastating economic consequences for local businesses like ours and the state's economy overall.

Tobacco products account for over 30% of our in-store sales. Increased excise taxes on these products will drive our customers to neighboring states with lower tax rates, such as Montana and South Dakota, or encourage them to seek out unregulated sources. This loss of business would severely impact our revenue, forcing us to make difficult decisions regarding staffing and operations, and could potentially result in store closures, depriving communities of essential services.

Raising the excise tax on tobacco products also incentivizes smuggling and other illegal sales of these products. There are federal estimates that illicit tobacco sales already account for as much as 20% of all cigarettes purchased online. This not only undermines legitimate retailers like us but also costs the state significant tax revenue. In addition, increasing taxes on tobacco and nicotine products could push consumers to unregulated markets, where is no guarantee of product quality or safety.

Rather than imposing another regressive tax, we urge the Legislature to explore alternative methods to address public health concerns, such as targeted education campaigns, smoking cessation support programs, and stronger enforcement of age restrictions for tobacco purchases. These approaches have proven effective in reducing smoking rates without jeopardizing the viability of small businesses or unfairly burdening consumers.

We respectfully ask that you reconsider and work to protect North Dakota's businesses, employees, and residents from the negative consequences of such proposed tax increases. Please reject the proposed tax increases in SB 2281 and HB 1570.

Thank you for your attention to this important issue.

Sincerely,

Tyler Meyer
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