

September 24, 2021



Dear Congressman Costa,

On behalf of the California Retailers Association (CRA), we write asking that you oppose An increase of the Federal Excise Tax that will harm lower-income customers and small businesses

CRA is the only statewide trade association representing all segments of the retail industry including general merchandise, department stores, mass merchandisers, fast food restaurants, convenience stores, supermarkets and grocery stores, chain drug, and specialty retail such as auto, vision, jewelry, hardware and home stores. CRA works on behalf of California's retail industry, which, prior to the COVID-19 pandemic, operated over 164,200 stores and employs around 2,776,000 people—nearly one fifth of California's total employment.

Our community of responsible retailers and affiliates are essential businesses in communities throughout the state. Most importantly, our employees have been on the frontline of this pandemic. Together, we are an integral piece of the fabric of our communities, providing many essential items to our customers, day-in and day-out.

Our stores provide daily food products, sodas, candy, personal necessities, alcohol, snacks, and tobacco and vapor products. Each product is an important component to our stores' viability to survive and grow. It is important to note that according to the National Association of Convenience Stores, tobacco products drive more sales than non-alcoholic beverages and food services combined, or about 35.8% of all in-store sales.

Working **Americans already bear the most burden when it comes to tobacco taxes.** A regressive tax measure such as this is not a public health solution. At his State of the Union address in April, President Biden repeated his commitment to impose **no new taxes "on people making less than \$400,000 a year"** – a pledge he has frequently repeated, along with many members of his Administration. And the reason for this pledge is simple: income inequality is a huge problem, and it's getting worse. The last thing this Administration, and this Congress should be doing is **add** to the problem with gas, alcohol or tobacco excise tax increases, or any other form of taxation that shifts the revenue burden to working people.

Youth access prevention is part of our training, and we pride ourselves on being highly responsible and part of a strong framework of licensing, education, and enforcement of violations. As required by the federal Food and Drug Administration, we sell tobacco products to individuals aged 21 years and over. FDA further enforces the industry through retail inspections, penalties for sales-to-minors, and by recently removing millions of vapor products from the market.

As you consider this policy, we ask that you keep in mind the retail industry of California and our many customers.

We must be allowed to responsibly run our businesses without the added burden of additional taxes and over regulation.

Thank you for your public service, and your consideration of our collective concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Allain". The signature is written in a cursive style with a large initial "R" and a long, sweeping tail.

Ryan Allain
Manager, State and Local Government Affairs
California Retailers Association