



The Honorable Ann Cummings, Chair
Senate Finance Committee
Vermont State House
115 State Street
Montpelier, VT 05633-5301

March 17, 2026

Dear Senator Cummings:

Thank you for the opportunity to provide testimony regarding S.198.

The Cigar Association of America supports responsible retail practices and strong compliance with laws prohibiting youth access to tobacco and nicotine products. Preventing youth access is an important public policy objective, and we support effective enforcement of existing laws to ensure these products are sold only to adults.

While we share the Legislature's goals in this area, we respectfully oppose the significant increase in tobacco retailer licensing fees proposed in S.198.

The bill increases the tobacco retailer license fee from \$110 to \$1,000 (an 800% increase) and increases the tobacco substitute fee from \$50 to \$1,000 (1,900%).

For many Vermont retailers, including convenience stores, gas stations, and neighborhood markets, tobacco and nicotine products remain an important component of their overall product mix. These are often small, locally owned businesses operating on narrow margins. Under S.198, a retailer that sells both traditional tobacco products and nicotine substitutes would face \$2,000 in annual licensing fees, representing a substantial new operating cost.

Licensing fees are generally intended to cover the administrative costs associated with regulatory oversight and enforcement. The legislation does not demonstrate that the cost of administering Vermont's tobacco licensing program requires a tenfold increase in the current licensing fee structure. At this level, the proposed fee begins to function less as an administrative licensing charge and more as a significant financial barrier for small retailers seeking to operate in compliance with the law.

Excessively high licensing fees may also create unintended consequences. Sharp increases in licensing costs can encourage unlicensed or illicit sales and may accelerate market consolidation by placing independent retailers at a disadvantage relative to larger chains that are better positioned to absorb additional regulatory costs. We believe effective regulatory policy should support lawful retail activity and compliance while ensuring that enforcement resources remain focused on those who violate the law.

If the Committee determines that adjustments to licensing fees are necessary, we would respectfully encourage consideration of a more modest increase or a phased approach that allows Vermont's small businesses time to adapt.

We appreciate the Committee's work on this issue and its ongoing commitment to responsible regulation and youth access prevention. Thank you for your time and consideration.

Scott Pearce

President, Cigar Association of America

cc: Members of the Senate Finance Committee