



New York Association of Convenience Stores
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MEMORANDUM IN SUPPORT

S.1891 by Senator Klein

A.6636 by Assemblyman Morelle

AN ACT to amend the tax law, in relation to amending the percentages used to determine the presumed cost of doing business for agents and wholesale dealers of cigarettes

The New York Association of Convenience Stores is a private, not-for-profit trade organization representing 7,000 neighborhood mini-marts and convenience stores that are registered with the State of New York to sell cigarettes in accordance with the Cigarette Marketing Standards Act.

Ostensibly to maintain stability and fair play in the marketplace, the CMSA imposes minimum markup percentages at each level of the supply chain to establish uniform minimum selling prices for each brand of cigarette sold in New York State.

These markup percentages, by definition, are intended to reflect the presumed cost of doing business at each level of the supply chain. Costs have escalated dramatically for cigarette stamping agents, wholesalers and retailers alike since 1990 when the markups were last adjusted. Therefore, the markup percentages need to be adjusted in a balanced and comprehensive manner. S.1891/A.6636 achieves that objective.

First, it provides reasonable markup increases at all levels.

Second, it preserves the proportionality intended by the CMSA.

And third, it shrinks the disparity between what independent retailers vs. chain retailers must pay their wholesale supplier.

Senator Klein and Assemblyman Morelle are to be commended for advancing thoughtful legislation that provides modest, balanced, sensible, and overdue reforms to the minimum markup provisions of the Cigarette Marketing Standards Act. We urge their colleagues to support this legislation.

James S. Calvin
President, NYACS
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