



NJ Gasoline, C-Store, Automotive Association
615 Hope Road, Bldg. 2, 1st Floor
Eatontown, NJ 07724
Phone: 732-256-9646
Web: www.njgca.org

June 26, 2025

To: Assembly Budget Committee

From: Eric Blomgren, Executive Director

New Jersey Gasoline, Convenience Store, Automotive Association

Re: Oppose S-4659/A-XXXX "Increases cigarette tax rate from \$2.70 to \$3.00 per pack."

NJGCA represents a large portion of the motor fuel retail and convenience stores across the state, which total more than 3,700 locations statewide and employ over 30,000 people.

This bill will increase the tax on cigarettes by 30¢ per pack, from \$2.70 to \$3.00. Cigarettes are far from a profit center for small retailers, often they cannot afford to charge anything more than the state minimum price, for fear they will be undercut by larger corporate chains. Currently, our tax rate is just 10¢ higher than in Pennsylvania. Increasing that gap to 40¢ per pack (\$4 for a carton), creates an incentive for current purchasers who live or work near the PA border to make a point of purchasing their cigarettes there rather than from NJ c-stores.

For each individual that does so, there are two losses. One is to the retailer who not only lost that sale, but also the cup of coffee, snack, or other purchase that customer would have also bought. The other is to the State, which in an effort to squeeze \$3.00 from a pack instead loses the \$2.70 it was already getting, plus another roughly 77¢ in lost sales tax.

In 2006 New Jersey increased its cigarette tax by 18¢ per pack and collected less revenue than before the increase. In 2009 we increased the tax by another 12¢, and collected 84% less revenue than had been projected.

The cigarette tax is also a regressive tax. Based on data from the CDC, 17% of adults earning \$15,000 are smokers, compared with only 7.3% of those earning \$100,000. Meanwhile, in the last twenty years the percentage of New Jersey residents who smoke cigarettes has fallen in half, and FDA has shown the national youth cigarette smoking rate reached the lowest level ever in 2024, just 1.4%, near the margin of error of zero.

At a time when affordability matters more than ever, we ask that you not move forward with this tax increase. Thank you for your consideration.