



August 19, 2014

St. Paul City Council Members
City of St. Paul
15 West Kellogg Boulevard
St. Paul, MN 55102

Dear St. Paul City Council Members:

SuperAmerica currently operates 19 convenience stores in the City of St. Paul. We recently learned that the city council will hold a public hearing this week on an ordinance that would ban the sale of cigars in packages of less than five cigars, except a single cigar can be sold at a minimum retail price of \$2.10 or more.

As a responsible retailer of tobacco products, we do not understand why cigars are being singled out with these package size limits. At SuperAmerica, we take the selling of regulated products like cigars very seriously. In fact, we have a contract with an independent compliance check company, BARS, to conduct unannounced and random compliance checks at each SuperAmerica store every month to ensure that our store personnel are complying with the law and preventing the sale of tobacco products to underage youth. With over 25 million tobacco transactions annually, we have achieved a company-wide success rate of 94% in preventing the sale of tobacco to minors.

This effort to prevent the sale of tobacco to underage youth is a high priority among all retailers, including SuperAmerica. For this reason, we simply do not know why this cigar package size limitation is being proposed. To our knowledge, no one from the City of St. Paul contacted SuperAmerica asking for input on this possible cigar package restriction. Input from retailers would be helpful because if the cigar ban is adopted, we will need to remove as many as 50 different cigar products from our store shelves.

This will create an uneven and unfair competitive environment since retailers in Minneapolis and all of the suburbs surrounding St. Paul will be able to sell the same cigar products that would be banned from store shelves in St. Paul. The result is that our customers will drive a short distance to adjacent cities to buy the cigars in the package sizes that they prefer. However, the impact on our SuperAmerica stores will be far greater than the significant loss of revenue from cigar sales.

Recently, the City of Brooklyn Center adopted this same ban on cigar package sales. We have witnessed a significant decline in not only cigar sales but overall foot traffic to our locations. This loss of business is a direct result of a ban on selling cigars in

packages of less than five even though we go to great lengths to prevent the sale of tobacco products to minors.

While we understand the intent of the ordinance is to keep tobacco out of the hands of underage youth, of which we consistently support, we also know firsthand that an unintended negative impact will be major sales declines across all of our product categories and tax revenue back to the city.

As a city council, you need to consider that putting current retailers at such a disadvantage to retailers in nearby cities will be a major disincentive for any retailer to open a new store in St. Paul. Why would a retailer invest in a new store or continue to invest in current stores in St. Paul with the knowledge that a broad category of legal products is prohibited from being sold? The impact for the City of St. Paul will be a lack of future retail economic development. Moreover, some retailers may even decide to relocate their stores to a neighboring city that is more business friendly.

For all of these reasons, we would ask that you not adopt the ordinance and, in the alternative, work with local retailers to outline the reasons for such a limitation, obtain retailer feedback, and then decide whether to proceed or not. At the same time, given the seriousness with which retailers take tobacco sales, we do not believe there is a need for imposing cigar package size restrictions.

Yours sincerely,

Kraig Elliott
Director of Marketing
Northern Tier Energy dba SuperAmerica