

Coalition of Neighborhood Retailers



October 4, 2021

Council President Amy Brendmoen
Members of the St. Paul City Council
St. Paul City Hall
15 West Kellogg Boulevard
St. Paul, MN 55102

RE: Amendments to the St. Paul Tobacco Licensing Ordinance

Dear President Brendmoen and Council Members:

The retail trade associations that comprise the Coalition of Neighborhood Retailers and our respective St. Paul retail store members understand that the City of St. Paul is considering amendments to the current tobacco licensing ordinance. The retailers that we represent are very concerned about several proposed amendments as explained below and ask that you remove these provisions from the ordinance.

Fixing the Minimum Price of Cigarettes at \$10.00 Per Pack and Banning Price Promotions/Coupons: Since the early 1960s, a state law called the Minnesota Unfair Cigarette Sales Act (Minnesota Statutes Section 325D.32 et. seq.) has set minimum cigarette price mark ups at the wholesale and retail level to prevent the sale of cigarettes as a loss leader item in retail stores and to prevent predatory pricing. This law is administered by the Minnesota Department of Commerce. The proposal in the ordinance to fix a minimum retail price for all cigarettes at \$10 per pack will cause confusion as it will likely conflict with the minimum retail prices already being charged pursuant to the Unfair Cigarette Sales Act. Moreover, the provision will hurt lower income consumers because the price on some cigarette brands would be raised to comply with the \$10 minimum price requirement.

Does the city council understand that this \$10 minimum price provision could be in conflict with the state minimum cigarette mark-up law? How does the city council intend to reconcile the proposed ordinance provision with the state law? A city should not engage in what is essentially price fixing. To our knowledge, the City of St. Paul does not fix the prices of any other consumer products and neither should it start to do so with cigarettes.

In addition, price promotions and coupons are only provided to and redeemed by legal age adults. When was the last time that you saw an underage youth attempt to use a coupon to purchase any product, let alone cigarettes? This simply does not happen. All this provision will do is raise the cost of legal tobacco products to St. Paul residents.

Impact of Other Recent Restrictions and Prohibitions on Cigarettes and Tobacco Products: Over the past couple of years, the St. Paul City Council has enacted a number of restrictions and prohibitions

on the retail sale of tobacco products. To our knowledge, the city has not provided any evidence that such restrictions and prohibitions have met the goals that the actions were supposed to achieve. Does the City of St. Paul have any empirical evidence or data that shows the goals of the restrictions and prohibitions have been accomplished? If not, then the St. Paul City Council should pause and determine what the impact of the restrictions and prohibitions on retailers and the public have been to date. That is, the city council needs to be accountable to the retailers and residents of the city that the ordinances it enacts have had the intended impact. In the absence of such a showing, any further amendments to the tobacco licensing ordinance should be postponed.

For the reasons stated above, we ask that the provisions related to the minimum cigarette price, price promotions, and coupons be removed from the proposed ordinance.

Thank you for considering our concerns and we look forward to working with you.

Sincerely,

Lance Klatt

Executive Director
Minnesota Service Station Association

Tim Gross

Executive Director
Minnesota Petroleum Marketers Association

Jamie Pfuhl

President
Minnesota Grocers Association

Bruce Nustad

President
Minnesota Retailers Association