



## OHIO WHOLESALE MARKETERS ASSOCIATION

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TO: Members of the Senate Finance Committee  
*The Honorable Matt Dolan, Chairman*  
*The Honorable Jerry Cirino, Vice Chairman*  
*The Honorable Vernon Sykes, Ranking Member*

FROM: Beth Wymer, Executive Director  
Ohio Wholesale Marketers Association

Re: Cuyahoga County cigarette tax for arts

On behalf of the members of the Ohio Wholesale Marketers Association and their retail customers in Cuyahoga County, I respectfully ask that an additional change be made in Sub. House Bill 33 with regard to the Cuyahoga County cigarette tax that funds arts programs in the county. As background, OWMA's core membership is wholesale distributors of almost all product categories in convenience stores, neighborhood markets and grocers, including cigarettes. All state and Cuyahoga County cigarette excise taxes are paid first at the warehouse level, which gives our association a direct interest in the county tax issue.

Sub. House Bill 33, as adopted by the Senate Finance Committee this week, took the first necessary step to correct recent changes to Cuyahoga County's taxing authority on cigarettes. Specifically, the substitute bill:

- rescinds last year's lame duck session changes [enacted in SB164] that would have allowed Cuyahoga County to replace the current 30-cents per pack cigarette excise tax for arts with an excise tax of up to 9% tax on cigarettes [based on mfg price to wholesale] and a new 9% wholesale tax on vapor products;
- allows Cuyahoga County to continue levying a cents-per-pack tax
- removes the 30-cent cap on the amount of tax that voters can be asked to approve.

OWMA appreciates that the Senate Finance Committee rescinded the county percentage tax and returned to a unit-based tax. For a series of administrative, audit and enforcement reasons, this was necessary for wholesalers and for the tax department. The concern OWMA has with the substitute bill change, and that we ask be corrected, is the elimination of the 30-cent cap on the amount of the county cigarette tax for arts.

Please keep in mind that wholesalers who supply convenience stores, etc do not have high profit margins. Cigarette tax increases have an immediate impact on cash flow and operating costs, so not capping the tax rate that the county can ask for is a high-level concern for these businesses. Additionally, retailers in the county who are already losing sales to retailers in neighboring counties and to illicit untaxed sales will see their competitive disadvantage increase under a county tax that has no limit. And, data consistently shows that higher cigarette taxes are more of a burden on lower income consumers who are also less likely to stop smoking. Not capping the amount that can be levied is simply not sound tax policy, especially when the demographics of who is most likely to pay the tax at the consumer level is looked at side by side with the purpose of the tax.

As the state budget process continues, your consideration is appreciated.