



Restricting the Number of Tobacco Licenses and Locations

Background

Some local governments have proposed limiting the number of, and ultimately reducing the quantity of, tobacco retail licenses in a jurisdiction. Some have also restricted locations by providing distance requirements near schools, playgrounds, churches or other locations minors may frequent. The rationale for limiting or reducing the number of retail licenses is to decrease overall consumption or availability of tobacco products to underage youth.

Arguments Against Restricting Quantity and Locations of Tobacco Retailer Licensees

- There is no scientific basis for imposing such restrictions. In fact, a study published in Preventive Medicine states that “neither the presence of a tobacco outlet within 1,000 feet of a high school nor the distance to the nearest tobacco outlet from school was associated with smoking prevalence.”
- Limiting the number of retail tobacco licenses or preventing retailers from making substantial improvements in order to renew a license, puts local retailers at a disadvantage versus competitors. It may constitute a constitutional “taking” for which local governments must provide reasonable compensation or reimbursement.
- If the proposed ordinance does not have a grandfather clause protecting those stores that have been and are currently licensed to sell tobacco products, retailers could be confronted with a situation in which they are not granted a renewal tobacco license and would be forced to close their stores, resulting in lost jobs and revenue.
- The FDA-sponsored Population Assessment of Tobacco and Health study found that up to 89 percent of underage youth rely upon social sources – legal adult friends and family members, to obtain cigarettes, e-cigarettes and tobacco products for them.
- Most local retailers provide goods and services beyond tobacco products. Potentially putting them out of business will not only result in lost jobs and lost revenue to government, it will reduce outlets that serve food, beverages, household and other items in neighborhoods.

Background

In some states, local governments have been granted the authority by the state legislature to impose local cigarette or tobacco taxes on the retail sale of tobacco products. Often, the purpose of these taxes is to raise revenue for various spending initiatives and projects, and they are introduced to promote public health.

Arguments Against Adopting or Increasing Local Cigarette and Tobacco Taxes

- Virtually every city, town and county in the United States is scheduled to receive or has already received federal stimulus funds pursuant to the American Rescue Plan. The federal dollars, often millions of dollars per city, town or county, make the assessment of local cigarette and tobacco unnecessary.
- Local taxes often cause adult consumers to either drive to neighboring localities to or purchase tobacco products online just to avoid the local tax.
- Tobacco is often purchased in conjunction with gasoline, food, beverages, and other items by adult consumers. Driving all of these purchases outside local jurisdictions because of high cigarette or tobacco taxes not only causes harm to local, taxpaying businesses, but local tax revenues suffer as well.
- Local cigarette and tobacco taxes encourage development and growth of illicit markets where underage compliance goes unchecked and governments derive no revenue.

Information Source: [The National Association of Tobacco Outlets, Inc.](#)