IOWA HEALTH INITIATIVE

C-Store Revenues at All-Time High

CIGARETTE SALES VS IN-STORE SALES

Legend:
- Cigarette Sales (Billions of Sticks)
- In-Store Sales Revenue (Billions USD)
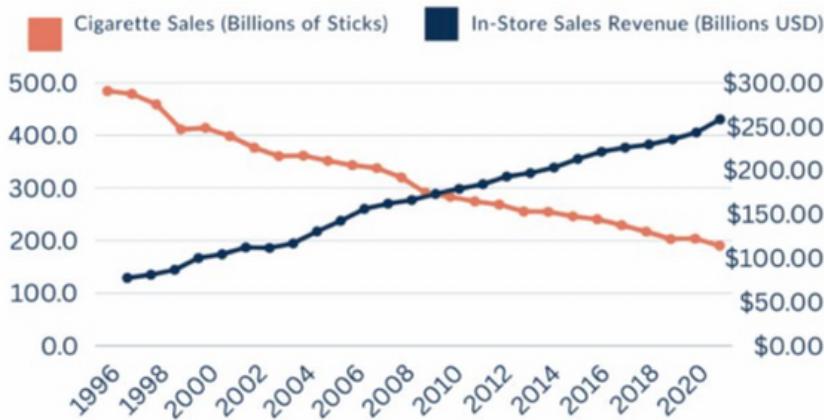
Cigarette sales have been declining for two decades.

However in 2024, C-Stores had their 22 consecutive years of record inside sales.

From: NACS

C-STORE PRODUCT PERFORMANCE IN 2024

C-stores generate nearly 90% of their profit from these non-tobacco and non-nicotine sources: food-service, packaged beverages, beer, salty snacks, candy, and others.

OTPs (5.8%) deliver nearly the same sales and profit margins as cigarettes (6.6%), but not all of them collect an excise tax.

From: NACS

all other products & services 88%

tobacco & nicotine products 12%

Legend:
- Food Service
- Bevs & Beer
- Other
- Snacks & candy
- Cigarettes
- OTP

Pie chart values: 25%, 10%, 40%, 13%, 6%, 6%
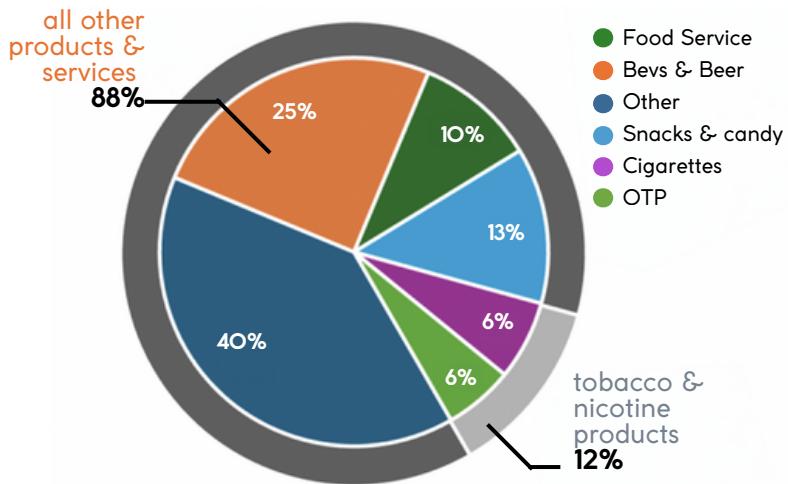
In 2024, cigarette sales were the ONLY merchandise category with negative sales growth and declining profit.

Source: CPS Daily News

In 2024, food service sales delivered nearly **40%** of in-store profits. **C-Stores continue to invest in expanding their food service operations.**

Source: NACS

A SIGNIFICANT TOBACCO TAX INCREASE WILL GENERATE SUBSTANTIAL NEW REVENUE.

Tobacco retailers argue that increasing tobacco excise taxes will drive people to go across state lines, resulting in lower revenues and lost business.

Decades of data tells us that any changes in cross-border sales are temporary and **the state that raises the tax** is the one that **benefits the most,** gaining more revenue and more healthcare cost savings than its neighboring states.

The chart below shows cigarette tax revenue in Iowa and its neighboring states in the 12 months before and after the $1 tax increase on March 16, 2007. While Missouri and Nebraska saw small revenue increases, Iowa gained **over 140% more revenue than before.**
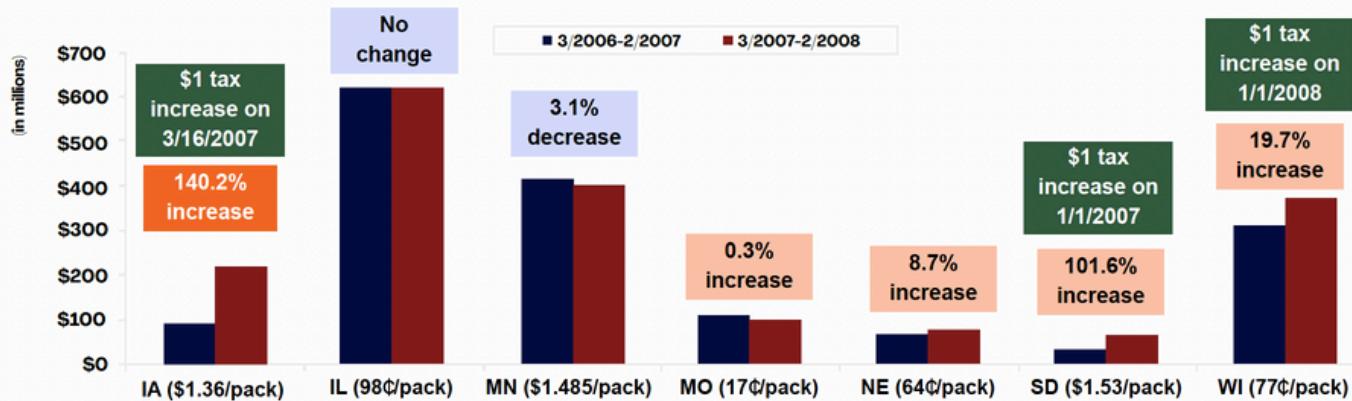
In 2018, Oklahoma increased its cigarette tax by $1.00 per pack (to $2.03). OK's tax **revenue increased by 46.7%** while cigarette pack **sales declined by 21.8%.** Meanwhile, revenues in all its neighboring states declined.

An increase in the cigarette tax, as well as taxing vapes and pouches will save the lives of Iowans, reduce Medicaid costs, and bring in more state revenue.

NOW IS THE TIME TO ACT.