

Date: 6/23/17

To: The Honorable Chairman Wagner and Members of the Senate Local Government Committee

From: Bilal Baqawi, 7-Eleven Franchisee and Vice President of the Delaware Valley Franchise Owners Association

RE: Philadelphia's Beverage Tax and its Consequences

On behalf of my 7-Eleven store and the many Philadelphia 7-Eleven store owner colleagues, thank you for allowing me to express our concern about the current Philadelphia sugary beverage tax.

My name is Bilal Bargawi and I have been a 7-Eleven Franchisee for over 15 years. My store is located at 5259 Oxford Ave. here. I am also the Vice President of the Delaware Valley Franchise Owners Association and there are over 60 7-Eleven locations here in the city. We are committed to providing the best service to our customers whom we refer to as guests.

As a 7-Eleven Franchisee and on behalf of our members, I respectfully ask you to correct the harm that the Philadelphia sugary beverage and syrup tax has caused to my business.

- Since it has been implemented this year, I have seen a big drop in my beverage sales due to the increased taxes on our customers. I have lost 15-20 percent of those sales.
- This tax has harmed my entire beverage category sales of not only soda, but fruit juice drinks (except 100% juice), sports drinks, flavored waters, energy drinks, pre-sweetened coffee or tea, and other non-alcoholic beverage.
- The cost of a 2-liter bottle of soda has more than doubled in the city with a \$2.04 tax. It is driving some of my former customers to stores outside of the city for these purchases and has harmed other sales those customers would also have made in my store such as snacks, pretzels and chips.
- For those customers who cannot afford to travel to a store outside of this city, they're buying fewer items in my store due to the higher costs from this tax.

So non-Philadelphia businesses are benefiting as I lose business. Due to these losses, I'm now forced to make tough decisions and anticipate laying off staff.

Businesses like mine have been hurt by Philadelphia taxation. A decade ago, they passed a smokeless tobacco tax and more recently we've seen \$2 per pack Philadelphia only cigarette tax, too. On top of all of that we have this beverage tax. I don't know how the state and Philadelphia expect our small businesses to succeed in this environment.

As a convenience store owner who works long hours and operates on thin margins, I cannot easily leave my store to be here to testify, but that is how important these sales are to my store and to other Philadelphia 7-Elevens. That is why I am here.

As we are small businesses, we cannot afford to lose these sales or income.

These are real issues at my store and I ask you to fix this harm and stop this tax. Please support our local convenience stores.

Thank you for your consideration of these comments.