

Konrad Jackson

From: isaac howell <coldvapes907@gmail.com>
Sent: Tuesday, March 01, 2016 9:59 AM
To: House Labor and Commerce
Subject: Hb304

House Labor & Commerce Committee
Alaska State Legislature
Juneau, Alaska 99801

Re: HB 304: eCig/Vaping 100% tax proposal by Governor Walker

Dear Chairman Olson and Committee Members:

My name is Isaac Howell. I am the owner and operator of Cold Vapes 907. I am one of the first entrepreneurs in the state to have opened a vaping shop. I'm also the vice president of Clear the Air Alaska, the state's local trade association and consumer advocacy for the vaping industry.

I testified last week in your committee and wish to include my testimony for the record in writing for your consideration.

As an Alaskan, and one who respects the legislative process, I can understand a fiscal deficit of such enormous (\$4 billion) proportions requires policymakers and the Governor to seek alternatives to balance the budget. It appears Governor Walker deems a spectrum of taxes, from income to sales tax, including targeted taxes on fuel, alcohol and eCig, as the means to remedy our pending budgetary dire strait.

I'm unsure how a Republican-Majority State House and Senate feel about so much new taxes, but would prefer reductions and sustainability over taxation. I am a businessman. I have a family. In both cases, when it comes to a budget, I prefer the paradigm of controlling costs and reducing spending if I can't afford expenses. I have five employees at my store. I pay nearly \$7,500 annually in insurance and property tax for the business. Every fee, tax, restriction and assessment is felt by my staff and I as a ripple effect in our business operations.

More importantly, to the heart of the matter, I am a former smoker who saved his own life by switching to electronic cigarettes, and now feel tremendously healthier as a result. I see this daily with Alaskans, opting to end smoking and chewing tobacco for vaping. Their health, the environment and even monthly costs are all benefited.

It is premature to suggest vaping is unhealthy despite certain national health advocacies suggesting so, and I realize you have heard both sides of this analysis in your committee, but suffice to say there have been no national, double-blind, multi-year academic studies I'm aware of but for those in the United Kingdom. The English studies found electronic cigarettes are indeed healthier than cigarettes and the resulting cessation means smokers are ridding themselves of addictive tobacco. Greg Conley with the American Vaping Associations testified on this positive result in your committee as well.

The revenue generated from an electronic cigarette tax of 100%, on the coat tails of taxing the tobacco industry and smokers, will likely push people back into tobacco consumption. If the proposed 100% vaping product tax is intended to reduce smoking, it won't. The opposite effect could very well occur since vaping is the polar opposite of tobacco smoking combustion and chewing tobacco products. If the tax is to generate revenue, it may

very well from tobacco sales with the extra 25%, but at 100% it will push savvy vaping consumers into online sales and commerce, bypassing its intent (to generate revenue from eCig consumers) and shave business from my colleagues' and my stores, which means reducing staff, raising rates and ultimately losing customers.

An alcohol or sin tax is ineffective in my view to fix a spending problem, but those taxes only amount to a few cents extra per drink. A 100% products tax on vaping products is detrimental, comparatively, to our industry.

If we are forced to close our shops and lay off employees, then no taxes is generated and more Alaskans become unemployed. I'm positive that is neither your, nor the Governor's, intent.

Please consider a different fiscal-deficit solution than imposing a new vaping products tax, and let's meet next summer or fall after the legislative session to arrive at a solution on how to keep the vaping industry vibrant and conducive to declining tobacco use, while we (the hundreds of owner and employees) help you strategize on a partnership to protect and grow the industry in support of the state and commerce.

Thank you for your consideration.

Respectfully submitted,

Isaac Howell
Cold Vapes 907