



February 21, 2025

SENT VIA EMAIL:

Sen. Gary Stevens

Senator.Gary.Stevens@akleg.gov

Co-Chair Jesse Bjorkman

Senator.Jesse.Bjorkman@akleg.gov

Vice-Chair Kelly Merrick

Senator.Kelly.Merrick@akleg.gov

Senate Labor & Commerce Committee

Senate.Labor.And.Commerce@akleg.gov

RE: Pertaining to SB24; TOBACCO/NICOTINE/E-CIG AGE; E-CIG TAX

Sen. Stevens, Chair Bjorkman, Vice-Chair Merrick, and members of the Senate Labor & Commerce Committee

The Cigar Association of America (CAA) submits the following comments on SB24. CAA is the leading national trade organization representing the interests of cigar manufacturers, importers, distributors, and major suppliers of the industry. CAA was founded in 1937 as a non-profit trade organization. Today, its member companies come from all sectors of the industry, from major manufacturers of handmade premium cigars to the largest producers of machine-made cigars. CAA members manufacture a significant share of the large, premium, little, and filtered cigars sold in the United States. Of particular importance for this bill is that its members also include the largest internet retailers of cigars and pipe tobacco.

We understand the intent of SB24 is to (i) raise the state minimum age of purchase of tobacco products to 21; (ii) impose a tax on e-cigarettes; and (iii) impose restrictions on the shipment of tobacco products into Alaska. We write concerning what appears to be a potential unintended consequence of the bill – which is to prohibit online direct-to-consumer sales of cigars and pipe tobacco to adult Alaska consumers.

Specifically, Section 18 puts provisions in place that online sales of tobacco products can be made to consumers if (i) a company is licensed; (ii) and is shipping to a person who has been verified through a third-party age verification service and the individual is receiving the tobacco products for individual consumption; and (iii) the excise taxes have been paid.



Currently, cigars and pipe tobacco are the only tobacco products that can be shipped direct to consumers under federal law as they were specifically exempted from the federal Prevent All Cigarette Trafficking Act (PACT Act). As such, under federal and Alaska law today, adult Alaskan consumers can order these products online for shipment to their homes. If they meet the economic requirements, online cigar and pipe tobacco retailers register to collect and remit sales tax on these sales into Alaska, but there is no mechanism under current law for these companies (as opposed to tobacco distributors and wholesalers) to be licensed or to calculate tobacco excise tax, as Section 18 would require. If Section 18 were to be included as proposed, there would be unintended consequences of prohibiting these online retailers from selling into the state, as opposed to simply trying to address separate and distinct issues with sales of e-cigarettes.

In order to prevent disruption of the current regulatory structure, Section 18 should be revised, so that with respect to cigars and pipe tobacco, only the additional proposed requirements related to age verification would apply. All CAA member companies who ship cigars and pipe tobacco directly to consumers take age verification seriously, already employ third-party age verification services, and support this requirement being codified in Alaska law.

We appreciate the committee's attention to our position and concerns regarding Section 18. We hope that the committee will carefully consider our input during deliberations.

Respectfully submitted,

Scott Pearce
President,
Cigar Association of America, Inc.

