Clear the Air
ALASKA

2/16/16

Members of the Senate Labor & Commerce Committee:

Alaska is in an incredibly tough position. There can be little doubt about it. Senate Bill 133 aims to help bridge the large budget deficit with increased taxes on tobacco and the *inclusion* of vapor products in the tax code. While on its face, this appears to be a revenue generating initiative; in my educated opinion, the ramifications of a 100% tax this bill would apply would hamper business beyond repair in the fledgling industry.

My name is Matt Waggoner, President of *Clear the Air Alaska,* a non-profit organization dedicated to furthering the public's knowledge of electronic cigarettes and the vaping industry. I am also Co-Owner of Fatboy Vapors Alaska, LLC –with retail operations in Anchorage, Wasilla and Fairbanks.

Since our inception in 2013, my partner and I have focused on offering quality products in classy environments - which has proven to be an effective recipe for expansion. Since our first store in Anchorage opened, our team of 17 Alaskan employees have assisted over 10,000 Alaskans throughout the state – a success by any definition.

But perhaps the greatest success are those individuals who thank us for the profound difference they have experienced since switching to vaping from smoking. Their lives have changed for the better – which is a statement you have likely heard from the many constituents who have contacted you in the previous days.

My unique opinion on the taxation of vaping products at an exorbitantly high rate is as follows:

1. Tobacco Products (cigarettes, cigars, etc) are classified and protected products and cannot by freely purchased on the internet. Smokers, then, have a very high proclivity to purchase the products locally – regardless of the tax rate.

   Vaping products, however, are *very* available on the internet. Thus, the effect of an increase in taxation will drive customers to the internet for purchase – rather than keep business local and provide tax dollars to the State.

2. Brick & Mortar retail shops within the State of Alaska are incredible important – especially in these uncertain times. The 17 positions we fill in the State of Alaska is a great economic driver in the community. We want to continue to expand, continue to open new stores and continue to seek out new opportunities in the State. We worry about how we will continue to expand and continue to employ our fellow Alaskans when the State makes it exorbitantly expensive for consumers to purchase products from us compared to the Internet.

3. Brick & Mortar stores verify our patron's age before sampling or purchase. We form an effective barrier to purchase by minors.

4. As written, SB 133 applies to all components of an electronic cigarette- not just the nicotine containing eLiquid. Vaping is very open source. Our shops contain thousands of unique, customizable pieces and parts that can be constructed to create a device that vaporizes eLiquid. As an analogy, this tax bill would be similar to taxing not just the cigarettes, but the lighter, the tobacco pipe & the pipe cleaners.

5. The vaping industry is in a unique position of being nearly entirely driven by small mom and pop organizations throughout the State and the US. Small business, by and large, "owns" vaping as most people know it. These are the entrepreneurs in the community, recognizing an opportunity for both public health and economic betterment – and taking it. This tax, specifically for the State of Alaska, creates an impossibly high burden of competition compared to the internet – and thus could be the demise of the industry as we currently know it.

For the reasons stated above, I urge you to **oppose** SB133. This bill is not right for Alaska and it is not right for the Vapor Industry.

Thank You,

Matt Waggoner, President
Clear the Air Alaska
matt@fatboyvapors.com