

NATIONAL ASSOCIATION OF TOBACCO OUTLETS, INC.

February 1, 2022

To: President of the Senate Peter Micciche; Speaker of the House Louise Stutes; and Members of the Alaska Legislature

From: Thomas Briant, NATO Executive Director

The National Association of Tobacco Outlets (NATO) is a trade association that represents numerous retail store members across Alaska. NATO and its Alaska member stores urge you to oppose SB 45, which bans flavored electronic cigarette products, creates a tax on electronic smoking products of 75% of the wholesale price and puts under-21 employees at tobacco retailers out of work. Please consider:

- **Banning Flavored Tobacco Can Increase Youth and Young Adult Smoking:** Three recent studies on the impact of San Francisco banning the sale of flavored tobacco products, conducted by the University of Memphis School of Public Health, Yale School of Public Health, and the Milken Institute School of Public Health at George Washington University, found that cigarette smoking increased 32% among underage youth and over 35% for young adults in San Francisco, while 33% of adult e-cigarette users would switch to cigarettes if flavors are banned.
- **An Illicit Market Would Grow Exponentially.** Both high taxes and banning products will make the illicit tobacco industry more lucrative. The difference in price between low tax states and Alaska will make smuggling for tax avoidance more enticing. Vapor product bans also drive sales to this illicit market. This bill will enhance the prospects for criminals, who do not care if they sell to underage persons, while harming hardworking, responsible Alaska retailers.
- **Economic Impact on Retailers Would Force Layoffs and Stores to Close.** Alaska retailers include tobacco-only stores, with virtually all revenue from tobacco product sales, and convenience stores, with approximately 36% of in-store revenue from tobacco products. Lost sales on hundreds of vapor products and high taxes on the rest may force tobacco-only stores to close and make the convenience store business model untenable, causing layoffs or closures.
- **FDA Actions Negate Need for State Flavor Ban.** Since September 2021, Food and Drug Administration has denied the marketing of almost 7 million flavored electronic cigarette products. With these FDA actions, a state legislature need not ban flavored e-cigarettes.
- **Taxes on Electronic Cigarettes are Contrary to Public Health Considerations:** Many consumers reasonably believe electronic cigarettes are a less risky alternative to traditional tobacco products, and after rigorous scientific testing the FDA has thus far allowed one e-cigarette and the tobacco-flavored cartridges used with it to be marketed as “appropriate for the protection of the public health.” High taxes on this or similarly permitted products makes no sense from a public health standpoint.
- **Under-21 Employees will Lose Their Jobs.** This bill makes it illegal for 19- and 20-year-olds to sell tobacco products. Many retailers, especially smaller or family-owned establishments, need to hire young people, who may be family members, to staff their stores adequately. Those duties may include completing transactions with both tobacco and non-tobacco items. This bill puts these people out of a job.