
From: Greg McDonald <[REDACTED]>
Sent: Wednesday, April 27, 2022 7:00 PM
To: House Finance
Subject: SB45

Committee Members -

I am writing again to voice my strong opposition to SB45. I am opposed to this bill for the same reasons cited below opposing HB110, plus the following:

- * This bill would tax everything sold in a vape shop, not just the e-liquid that contains nicotine. Many of the items sold in a vape shop can be found at other retail stores with no tax, including: batteries, cotton, food flavoring, food coloring, wire, etc.
- * This bill and its excessive tax would force Alaska owned vape shops to close and would force former smokers back to smoking tobacco products, which is the main cause of health issues in the state.
- * Alaskan owned vape shops ONLY SELL TO ADULTS!!!
- * The Alaska Legislature SHOULD NOT TAKE AWAY MY RIGHT TO VAPE!!!

Please, DO NOT PASS THIS BILL!!!

Greg McDonald
Anchorage, AK 99501

On Tuesday, March 8, 2022, Greg McDonald <gmac.alaska@gmail.com> wrote:
Committee Members -

I am writing to voice my strong opposition to HB 110 for the following reasons:

- * The regressive tax will hurt the Alaskan people who can least afford it and it will hurt Alaskan small business owners and their employees.
- * This government overreach will affect Alaskans who are already dealing with historic inflation and rising energy costs.
- * The State should not tax its residents and small businesses when the State is expecting a BILLION DOLLAR surplus.
- * The Federal Government removed a tax on Vapor products from the Build Back Better Bill as it counters public health, would hurt small businesses across the Country, and push people back to smoking.
- * The Walker Administration failed to pass a bill similar to HB 110 as it was found to be a regressive money grab.

Please try to help the Alaska people and small businesses and do not pass this misguided piece of legislation. Thank you for your consideration in representing your constituents and not special interests!

Respectfully submitted,

Greg McDonald
Anchorage, AK 99501

From: Matt Casort [REDACTED]
Sent: Tuesday, April 26, 2022 5:27 PM
To: House Finance
Subject: SB45

Hello,

I would like to ask your committee to stop SB45. I am an adult and I use electronic nicotine devices. Things in this state are expensive enough these days, and imposing a hefty tax on vaping supplies would hurt a great deal of people. Please do not allow this bill to proceed.

Thank you.

Matthew Casort



From: Lori Nelson [REDACTED]
Sent: Tuesday, April 26, 2022 3:58 PM
To: House Finance
Cc: Sen. Gary Stevens
Subject: SB45

Good afternoon - I'm writing to express my support of SB45, recently referred to House Finance. We need to do all we can to restrict access and protect our youth from all tobacco products including E-Cigarette products & devices. As a parent living in Anchorage, I can say with confidence that underage use of these products is out of control. Passing this bill would be a small yet important step to better protect the health and wellness of Alaskan youth.

Thank you for your continued service to our State. I hope will support this important piece of legislation.

Lori Nelson
Alaska Resident
Member & Past President of the American Cancer Society Alaska Advisory Board

From: Jessica Ivanoff [REDACTED]
Sent: Tuesday, April 26, 2022 3:38 PM
To: House Finance
Cc: Sen. Gary Stevens
Subject: SB45

Support letter for SB45,

My name is Jessica Ivanoff and I work for Norton Sound Health Corporation here in Nome, Alaska. I am here to ask for SB45 bill to be passed because of the high prevalence use amongst our youth in regards to e-cigarettes in this region of Alaska. Not only is the use of e-cigarettes amongst our youth but all ages. My mother just recently lost a cousin whom used both commercial cigarettes and e-cigarettes. A tumor was found on the shoulder of the now deceased cousin. Considering the sticky tar and carbon monoxide, a preventable addiction that can be kept off our youths hands and family members.

Please consider passing the SB45 bill.

Respectfully,
Jessica Ivanoff
Tobacco Prevention and Control Coordinator
Norton Sound Health Corporation

Sent from [Mail](#) for Windows 10

From: Emma Louison [REDACTED]
Sent: Friday, April 29, 2022 10:16 AM
To: Rep. Kelly Merrick
Subject: Please vote NO to a New Tax Hike on Vapor Products!

Dear Representative Merrick,

I'm writing to ask you to vote NO on SB 45. Adult vapor consumers are demonized enough and don't deserve to keep being punished. Any new tax hike, especially on consumer goods like vapor products, will hurt families already facing higher prices on other consumer goods.

Please vote no on SB 45.

Thank you for your time.

Regards,
Emma Louison

[REDACTED]

Smoke-Free Alternatives Trade Association

1629 K St. NW, Ste. 300
Washington, DC 20006
Phone: 202-251-1661



Re: SB 45
Oppose

Dear Finance Committee Members,

We, the undersigned, submit this testimony in opposition to SB 45 as representatives of the independent vapor products businesses and constituents of the state of Alaska. As such, we urge this Committee to pull back this policy, which is destructive not only to the economics of our state but also detrimental to its public health.

In the attempt to address youth vaping, if not careful, the legislature will significantly hinder – or worse, extinguish – tobacco harm reduction options for our adult consumers. Despite the changes, Senate Bill 45 is a smorgasbord of bad “solutions,” including a 45 percent wholesale tax on all vapor products, burdensome reporting requirements, and shipping restrictions above and beyond what the United States Congress intended when it voted to incorporate vapor products into the P.A.C.T. Act.

If it is indeed this Committee’s intent to create policies that will protect youth where taxation appears the inevitable solution, then we urge you to consider a more commonsense approach that will protect adult access to vapor while taking aim at the primary offender of youth use. According to 2021 NYTS data, an overwhelming 53% of youth who vape use disposable closed systems, and 28.7% of youth who vape use pre-filled cartridge closed systems, totaling 80.8%.¹ As demonstrated in the attached graphic, closed systems are items found most prevalently in gas stations and convenience stores where youth sales violations are significantly higher. If Alaska were to follow a bifurcated tax model such as in the states of Connecticut, New Hampshire, New Jersey, New Mexico, and Washington, specialty vapor stores would be better able to endure the tax burden and continue their work of transitioning adult smokers to low-risk products. Concurrently, those products most prevalent among youth would see the greatest tax increase.

Senate Bill 45 seemingly intends for the Tobacco 21 (T21) legislation to match federal law enacted on December 20, 2019, which, as a matter of policy, makes sense. However, to apply an excise tax (particularly one so high) to vapor products to reduce youth tobacco use is a policy contradiction to the current 2021 CDC report on youth nicotine usage that clearly demonstrates a dramatic decline in youth one-time use in the past 30 days. Indeed, one-time use is down to

¹ Centers for Disease Control and Prevention. (2022, March 14). National Youth Tobacco Survey (NYTS). Centers for Disease Control and Prevention. Retrieved April 26, 2022, from https://www.cdc.gov/tobacco/data_statistics/surveys/nyts/index.htm

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10.8%, while daily youth usage for 2021 sits at 3.1%, a significant drop of 62% since the federal adoption of vapor into existing T21 laws. These percentages are particularly significant in that they represent lower statistics than seen in 2014, a full 3 years prior to the start of our nation’s “youth epidemic.”

Aside from federal T21 laws, another factor playing a critical role in the steep decline in underage youth use is the inclusion of vapor products under the P.A.C.T. Act, passed as part of the Consolidated Appropriations Act of 2021. Under the P.A.C.T. Act, it is illegal for any tobacco products (and now also nicotine vapor products) to be shipped directly to a consumer. Essentially, the law has stopped youth obtainment through online sales. However, understanding the unique nature of the state, Congress saw fit to afford a geographic exception for Alaska. SB 45 seeks to strike out the federal exemption included in the P.A.C.T. Act and place an undue burden on our citizens and businesses when legislators should instead, be focused on alleviating the encumbrances of its constituents.

The bill’s sponsor says that electronic cigarettes and vapor products are under-regulated and questions their effectiveness in helping adult smokers quit. As a matter of fact, the regulation of the vapor products industry began with federal product registration in 2016 and was followed by federal ingredients listing in 2017. Further, as of September 9, 2020, all electronic cigarette product manufacturers were required to submit their products for evaluation and testing to the FDA via the Pre-Market Tobacco Application process (PMTA). All vapor products not submitted were to be removed from the market by that same date. The PMTA process has led to numerous companies exiting the market and will ensure that the remaining legal products are deemed appropriate for the protection of public health by the FDA. Although we agree that addressing youth use of all age-restricted products is a worthwhile endeavor, the proposed legislation does not help in that regard, but rather, becomes a punishment to the hard-working adult men and women of Alaska.

Despite the all-too-rampant alarmism, e-cigarettes are significantly less harmful than combustible tobacco and, in some countries – primarily those with socialized healthcare – governments are actively promoting the transition from deadly combustible tobacco to the far less harmful vapor products category. As recently as April 2021, the UK Cross-Party Group of Parliamentarians recommended the UK deny “any decision to ban vaping and other reduced-risk alternatives to smoking,” reaffirming the country’s position as a global leader in harm reduction.

As a reduced-risk product, vapor products should not be subjected to an exorbitant excise tax.

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Excise, or sin taxes, are used to deter persons from harmful and risky behavior. As a product that has been demonstratively proven over and over again to be at least 95 percent less harmful than combustible tobacco, policymakers must refrain from enacting excise taxes that are at the same, similar to, or in excess of the tax rates on deadly combustible tobacco products. Further, evidence indicates that high tax rates on vapor products lead former smokers back to combustible tobacco and inhibit quit rates. A 2020 study² examining the impact of Minnesota’s 95 percent excise tax on vapor products found that quit rates declined and that “similar e-cig taxes in other states will also reduce the smoking quit rate nationwide.” In addition to declining quit rates, a 2019 study³ found that taxes on vapor products “will increase the purchase and use of cigarettes.”

Ultimately, the proposed legislation in SB 45 will punish adults who have already quit smoking combustible tobacco, those who have not yet considered it, and law-abiding retailers, including brick and mortar specialty vapor shops that are doing a great job of preventing youth access to the age-restricted products they sell. According to data from the FDA’s tobacco compliance inspections, between June 2014 and April 2020, the FDA conducted a total of 2,520 inspections in Alaska. Of these inspections, 251 (10 percent) resulted in a warning letter because the business sold tobacco or vapor products to a minor. Of the failed inspections, only 15 of the 251, or 5.9%, of all infractions were due to the sale of a vapor product to a minor, and only a single violation was from the open-source refillable e-liquid category typically sold in specialty vapor stores. We find it important to note that the single offender was never a member of our organization and is no longer in business. To compare, 214 warning letters, or 85%, of infractions were issued to retailers who failed inspections for selling combustible tobacco products to a minor – yet this bill seeks to punish the minor offenders whose total category violations for this period are less than 1%.

Rather than punish responsible vapor product retailers, manufacturers, and the adult former smokers they serve, Alaska lawmakers should consider establishing an advisory council consisting of vapor product retailers, manufacturers, adult consumers, and officials in both the education and health departments to collaboratively create robust policies that address youth

² Saffer, H., Dench, D., Grossman, M., & Dave, D. (2019, December 20). The impact of e-cig taxes on smoking rates: Evidence from Minnesota. RealClearPublicAffairs. Retrieved April 26, 2022, from https://www.realclearpublicaffairs.com/public_affairs/2019/12/20/e-cigarettes_and_adult_smoking_evidence_from_minnesota_211602.html

³ Higher rate of smoking may result from a national vaping tax, Georgia State Economist finds - Georgia State University News - Andrew Young School of Policy Studies, research, University Research - Health& Wellness. Georgia State News Hub. (2019, November 1). Retrieved April 26, 2022, from <https://news.gsu.edu/2019/11/01/e-cigarette-vaping-tax-increase-smoking-pesko/>

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use. The vapor product category's potential for helping smokers to transition away from lethal products is too great, as is the economic boon, to be snuffed out.

In close, we ask you to carefully consider why legislature should choose to threaten the existence of an industry that provided more than a \$43 million total economic impact to Alaska in 2021 while generating over \$11 million in state wages⁴ and simultaneously acting as a shield against youth use. We urge this Committee to vote no on SB 45.

On behalf of SFATA members who do business with the state of Alaska and with support from the undersigned Alaska resident vapor business owner,

April L. Meyers, SFATA Board President & CEO

Shaun D'Syva, Fatboy Vapors

Sarah Eaton, Alaska Elixirs Vape, LLC

Jason Jones, Legion Vapor LLC

Alex McDonald, Ice Fog Vapor, Inc.

David Parrot, 5150 Vapes

⁴ John Durham & Associates. (2021, September 21). The vapor industry economic impact ... - vaportechnology.org. Retrieved April 27, 2022, from <https://vaportechnology.org/wp-content/uploads/2021/12/US-Vapor-Industry-Economic-Impact-Report-2021-Dunham-Associates-FINAL-COMBINED.pdf>



Closed Vapor Systems

- Nicotine Strength Between 25 - 70mg/ml
- Pre-Filled Cartridge
- Battery with Auto Draw
- Cartridges Replaced or Entire System (Disposable)
- Overwhelming Majority Source of Youth Use
- Sold in Gas Stations and Convenience Stores

Disposable Closed System Device

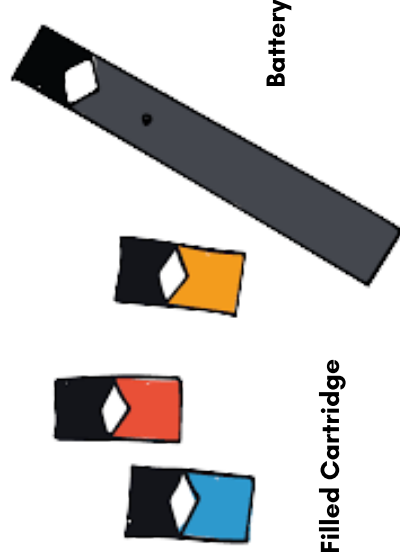
53% Of Youth Who Vape Use Disposable Closed Systems

Battery and Cartridge Fused Together. Device Disposed of When Empty.



Closed System Device

28.7% Of Youth Who Vape Use Pre-Filled Cartridge Closed Systems



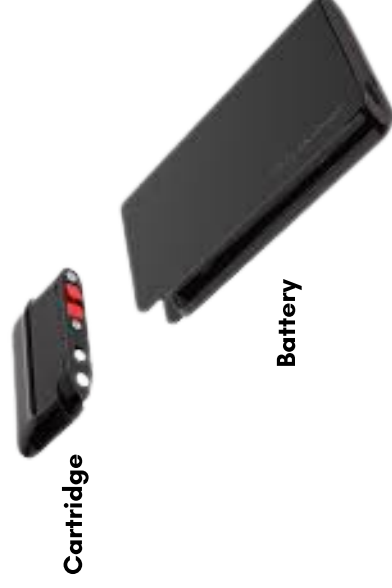
Replaceable Pre-Filled Cartridge

Battery

Open Vapor Systems

- Nicotine Strength Between Nicotine-Free - 24mg/ml
- Refillable Tank or Pod
- Battery with Auto-Draw or Draw Button
- Larger Open Systems Allow User Customization of Temperature Settings
- Sold in Boutique Vapor Stores

Open System Refillable Cartridge



Cartridge

Battery

Open System Refillable Tank

Since January 1, 2018, the FDA has administered 588 age compliance in Alaska. Of those, 56 (9%) resulted in a sale to a minor. Of all violations, only 6 (1%) were attributed to the sale of e-liquid or vaping devices and only 1 (<1%) to open system.



Battery

1. Centers for Disease Control and Prevention. (2022, March 14). National Youth Tobacco Survey (NYTS). Centers for Disease Control and Prevention. Retrieved April 18, 2022, from https://www.cdc.gov/tobacco/data_statistics/surveys/nyts/index.htm



VAPOR TECHNOLOGY
ASSOCIATION

The Economic Impact of the Vapor Industry 2021 ALASKA

DIRECT ECONOMIC IMPACT	Jobs	Wages	Output
Vape Store Retail Jobs	53	\$1,559,400	\$2,615,300
All Other Retail Jobs	74	\$3,034,700	\$5,891,600
Wholesale Jobs	6	\$388,200	\$1,628,500
E-Liquid Manufacturing Jobs	1	\$48,400	\$533,500
Component Manufacturing Jobs	0	\$0	\$0
Total	134	\$5,030,700	\$10,668,900

SUPPLIER ECONOMIC IMPACT	Jobs	Wages	Output
Agriculture	1	\$38,000	\$148,500
Mining	6	\$619,500	\$4,584,000
Construction	0	\$33,200	\$82,000
Manufacturing	1	\$55,200	\$894,700
Wholesale	2	\$145,100	\$371,600
Retail	1	\$21,500	\$52,600
Transportation & Communication	6	\$496,800	\$1,489,300
Finance, Insurance & Real Estate	7	\$292,500	\$1,443,100
Business & Personal. Services	13	\$857,900	\$1,314,100
Travel & Entertainment	3	\$82,000	\$152,800
Government	1	\$78,900	\$127,300
Other	0	\$0	\$0
Total	41	\$2,720,600	\$10,660,000

INDUCED ECONOMIC IMPACT	Jobs	Wages	Output
Agriculture	1	\$51,500	\$226,400
Mining	1	\$129,400	\$1,067,400
Construction	0	\$31,300	\$79,700
Manufacturing	3	\$169,200	\$1,314,600
Wholesale	2	\$131,200	\$371,300
Retail	8	\$287,700	\$614,900
Transportation & Communication	4	\$341,700	\$1,099,300
Finance, Insurance & Real Estate	5	\$278,000	\$2,497,600
Business & Personal Services	26	\$1,602,900	\$2,493,200
Travel & Entertainment	9	\$290,900	\$612,100
Government	1	\$60,900	\$116,900
Other	2	\$65,800	\$83,300
Total	62	\$3,440,500	\$10,576,700

	Jobs	Wages	Output
TOTAL ECONOMIC IMPACT	237	\$11,191,800	\$31,905,600

TAX IMPACT	TAXES GENERATED
Business Taxes Generated	\$2,907,600
Federal	\$1,880,300
State	\$1,027,300
Consumption Taxes Generated	\$1,572,400
Total Taxes	\$4,480,000