

---

**From:** Brian Fojtik <bfojtik@cigarsusa.org>  
**Sent:** Thursday, May 09, 2024 9:15 AM  
**To:** House Finance; Rep. Bryce Edgmon; Rep. Neal Foster; Rep. DeLena Johnson; Rep. Julie Coulombe; Rep. Mike Cronk; Rep. Will Stapp; Rep. Frank Tomaszewski; Rep. Alyse Galvin; Rep. Sara Hannan; Rep. Andy Josephson; Rep. Daniel Ortiz  
**Cc:** Rep. Craig Johnson; Rep. Cathy Tilton; Rep. Jamie Allard; Rep. Jesse Sumner; Rep. Laddie Shaw; Rep. Zack Fields; Rep. Calvin Schrage; Sen. Gary Stevens; Mudi Kpohraror; Beth Oliva  
**Subject:** Cigar Association of America - Testimony SB89D

[Representative Bryce Edgmon](#)  
[Representative Neal Foster](#)  
[Representative DeLena Johnson](#)  
[Representative Julie Coulombe](#)  
[Representative Mike Cronk](#)  
[Representative Will Stapp](#)  
[Representative Frank Tomaszewski](#)  
[Representative Alyse Galvin](#)  
[Representative Sara Hannan](#)  
[Representative Andy Josephson](#)  
[Representative Dan Ortiz](#)

Members of the Alaska House Finance Committee,

The Cigar Association of America (CAA) submits this testimony to express concerns with the unintended consequences of SB89D. 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 this bill is to (i) raise the state minimum age of purchase of tobacco products to 21; and (ii) 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 13 puts provisions in place that remote retail 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.

First, all CAA member companies who ship cigars and pipe tobacco directly to consumers take age verification seriously, and already employ third-party age verification services. That said, the concerns CAA has with the bill relate to the first and third provisions of Section 13. Currently, there is still no path under Alaska law for online retailers of cigars and pipe tobacco, as opposed to distributors or wholesalers, to be licensed and collect and remit excise tax to the state. Should SB0089D be enacted as written it would criminalize the shipment of cigars and pipe tobacco to adult consumers. This would be an incredibly unfortunate unintended consequence of the bill. It is particularly unfortunate when cigars are without a doubt an adult product. The 2022 National Youth Tobacco Survey reports nationwide youth usage of cigars continues to be below 2%.

CAA has, in conjunction with the Premium Cigar Coalition (a trade group made up of six of the largest online retailers of premium cigars), been working with the Federation of Tax Administrators Uniformity Committee to craft Model Legislation to address this situation and provide a path to compliance for online retailers of cigars and pipe tobacco to collect and remit tobacco excise taxes and provides the Department of Revenue with the tools to implement and enforce these provisions. The Model Legislation has been successfully enacted in Maryland, Michigan, North Carolina, Indiana, Virginia, Colorado, and Wisconsin and is being considered by other state legislatures this session.

CAA and PCC look forward to engaging in a dialogue with all stakeholders to ensure that these goals can be achieved in Alaska. Rather than prohibit online sales of these products we can work to enable the Alaska Department of Revenue to collect tax revenue from sales of these products to individuals in the state. Pursuing this course has the benefit of allowing Alaska adults to continue to be treated as adults and purchase products they enjoy and provides Alaska with additional excise tax revenue it currently cannot collect.

Thank you for the opportunity to offer this testimony. We appreciate the committee's attention to our position and concerns regarding Section 13. We hope that the committee will carefully consider our input during deliberations.

---

**Brian J. Fojtik**

**Sr. Vice President for Government Relations**

Cigar Association of America, Inc.

Pipe Tobacco Council, Inc.

1310 G St. NW, Suite 680

Washington, DC 20005

(O) 202.223.8204 x3

(M) 312.415.3924

