

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 31, 2023

1:37 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Click Bishop, Vice Chair
Senator Elvi Gray-Jackson
Senator Kelly Merrick
Senator Forrest Dunbar

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 84

"An Act relating to the business of money transmission; relating to money transmission licenses, licensure requirements, and registration through the Nationwide Multistate Licensing System and Registry; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to money transmission license exemptions; relating to payroll processing services; repealing currency exchange licenses; and providing for an effective date."

- MOVED SB 84 OUT OF COMMITTEE

SENATE BILL NO. 89

"An Act relating to tobacco, tobacco products, electronic smoking products, nicotine, and products containing nicotine; raising the minimum age to purchase, sell, exchange, or possess tobacco, a product containing nicotine, or an electronic smoking product; relating to the taxation of electronic smoking products and vapor products; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 83

"An Act relating to professional licensing; relating to temporary licenses for some professions; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: SB 84

SHORT TITLE: MONEY TRANSMISSION; VIRTUAL CURRENCY

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/24/23	(S)	READ THE FIRST TIME - REFERRALS
02/24/23	(S)	L&C, JUD, FIN
03/06/23	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/06/23	(S)	Heard & Held
03/06/23	(S)	MINUTE(L&C)
03/27/23	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/27/23	(S)	Heard & Held
03/27/23	(S)	MINUTE(L&C)
03/31/23	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 89

SHORT TITLE: AGE FOR TOBACCO/NICOTINE/E-CIG; TAX E-CIG

SPONSOR(S): STEVENS

03/01/23	(S)	READ THE FIRST TIME - REFERRALS
03/01/23	(S)	L&C, FIN
03/24/23	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/24/23	(S)	Heard & Held
03/24/23	(S)	MINUTE(L&C)
03/31/23	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

TIM LAMKIN, Staff
Senator Gary Stevens
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for SB 89.

RICH MARIANOS, Professor
Georgetown University
Washington, D.C.

POSITION STATEMENT: Testified in opposition to SB 89.

KEITH DAVIDSON, Division Sales Director
Core-Mark International
Beaverton, Oregon

POSITION STATEMENT: Testified in opposition to SB 89.

DON ENSLOW, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 89.

DR. GEORGE STEWART, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 89.

DR. JOHN MARTIN, President
Smokefade
Long Beach, California

POSITION STATEMENT: During the hearing on SB 89, testified that e-cigarettes are a key tobacco harm reduction method.

SHAUN D'SYLVA, Owner
Fatboy Vapors
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 89.

FLORA RODDY, representing self
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 89.

LAURA CARTER, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 89.

ROBIN MINARD, Chief Communications Officer
Mat-Su Health Foundation
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SB 89.

TERRENCE ROBBINS, representing self
Ketchikan, Alaska

POSITION STATEMENT: Testified in support of SB 89.

ELIZABETH HICKS, U.S. Affairs Analyst
Consumer Choice Center
Lansing, Michigan

POSITION STATEMENT: Testified in opposition to SB 89.

KAMREN EATON, representing self
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition to SB 89.

DAVID PARROTT, representing self
Soldotna, Alaska
POSITION STATEMENT: Testified in opposition to SB 89.

DENNIS HULL, State Affairs Coordinator
Americans for Tax Reform
Washington, D.C.
POSITION STATEMENT: Testified in opposition to SB 89.

ALEX MCDONALD, representing self
Fairbanks, Alaska
POSITION STATEMENT: Testified in opposition to SB 89.

CODY WALKER, representing self
Soldotna, Alaska
POSITION STATEMENT: Testified in opposition to SB 89.

GREGORY CONLEY, Director
Legislative and External Affairs
American Vapor Manufacturers
Medford, New Jersey
POSITION STATEMENT: Testified in opposition to SB 89.

JESSI WALTON, representing self
Fairbanks, Alaska
POSITION STATEMENT: Testified in opposition to SB 89.

WADE NELSON, representing self
Soldotna, Alaska
POSITION STATEMENT: Testified in opposition to SB 89.

JANICE PARK, representing self
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 89.

JESSICA FREY, representing self
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 89.

CASEY JOHNSON, representing self
Soldotna, Alaska
POSITION STATEMENT: Testified in opposition to SB 89.

KATIE EDWARDS, representing self
Soldotna, Alaska

POSITION STATEMENT: Testified in opposition to SB 89.

JAY OKU, representing self
Orange County, California

POSITION STATEMENT: Testified in opposition to SB 89.

ACTION NARRATIVE

[1:37:04 PM](#)

CHAIR JESSE BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:37 p.m. Present at the call to order were Senators Dunbar, Bishop, Merrick, Gray-Jackson, and Chair Bjorkman.

SB 84-MONEY TRANSMISSION; VIRTUAL CURRENCY

[1:38:03 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 84 "An Act relating to the business of money transmission; relating to money transmission licenses, licensure requirements, and registration through the Nationwide Multistate Licensing System and Registry; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to money transmission license exemptions; relating to payroll processing services; repealing currency exchange licenses; and providing for an effective date."

He stated that this is the third hearing of this bill.

[1:38:40 PM](#)

CHAIR BJORKMAN opened public testimony on SB 84; finding none, he closed public testimony.

CHAIR BJORKMAN solicited the will of the committee.

[1:39:30 PM](#)

SENATOR BISHOP moved to report SB 84, work order 33-GS1312\A, from committee with individual recommendations and attached fiscal note(s).

[1:39:56 PM](#)

CHAIR BJORKMAN found no objection and SB 84 was reported from the Senate Labor and Commerce Standing Committee.

[1:40:04 PM](#)

At ease.

SB 89-AGE FOR TOBACCO/NICOTINE/E-CIG; TAX E-CIG

[1:42:20 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 89 "An Act relating to tobacco, tobacco products, electronic smoking products, nicotine, and products containing nicotine; raising the minimum age to purchase, sell, exchange, or possess tobacco, a product containing nicotine, or an electronic smoking product; relating to the taxation of electronic smoking products and vapor products; and providing for an effective date."

He stated that this is the second hearing of this bill. The intention today is to hear the sectional analysis and begin public testimony on the bill.

[1:42:56 PM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for SB 89, as paraphrased below:

[Original punctuation provided.]

SENATE BILL 89

Minimal Age for Tobacco and E-Cigarettes: "T-21"

SECTIONAL ANALYSIS

(version B)

Sec. 1: **AS 11.76.100(a)**, relating to selling or giving tobacco to a minor, raises the minimum age from 19 to 21.

Sec. 2: AS 11.76.100(b), relating to supervision of tobacco product vending machines (TVM), amends the exemption for TVMs situated in a private break room, provided there is signage posted indicating the minimum age to possess tobacco products is age 21 (from 19).

Sec. 3: AS 11.76.100(b), also relates to tobacco product vending machines situated in a bar or restaurant. The statutory reference of such establishments was amended from AS 4.11 to AS 4.09, effective January 1, 2024, per Chapter 8, SLA 2022 (the "alcohol bill" -SB 9), passed in May 2022. Because the effective date of this section in the alcohol bill falls after the effective date of SB 89, a subsequent conforming amendment is necessary. This section is therefore technical in nature and otherwise has no effect on the substance of SB 89.

Sec. 4: AS 11.76.105, (a) relating to possession of tobacco, electronic smoking products (ESP), or products containing nicotine, raises the minimum age to possess from 19 to 21 years of age; removes the exemption for incarcerated minors;
(b) makes allowable exemptions as an affirmative defense for possession under certain conditions; to include if the product is FDA-approved, is prescribed by a doctor, and given by a parent or legal guardian. and
(c) makes possession a violation punishable by a fine not to exceed \$300

[1:46:16 PM](#)

CHAIR BJORKMAN asked what the rationale was for exempting incarcerated minors and whether the Department of Corrections had a position on removing it.

MR. LAMKIN replied that he had not researched the history of the exemption. The section applies to smoke breaks in prisons and provides that minors who are currently allowed to smoke in prison would no longer have that privilege.

MR. LAMKIN moved to Section 5 of the sectional analysis:

[Original punctuation provided.]

- Sec. 5:** AS 11.76.105 (d) Directs the court system to establish a bail schedule for the fine referenced in Section 3 above, for amounts that may be forfeited without court appearance.
- Sec. 6:** AS 11.76.106(a) prohibits the direct sale of ESPs over the Internet to private consumers, with exceptions provided in the next section.
- Sec. 7:** AS 11.76.106(b), relating to the 'behind the counter' control provisions of selling tobacco products, allowing exemptions for wholesalers, tobacco shops or online sales, raising the minimum age to sell from 19 to 21 years of age.
- Sec. 8:** AS 11.76.109(a), relating to other products containing nicotine, including chew, gum, patches, or E-cigarette products, raises the minimum age to sell or give such products from 19 to 21.
- Sec. 9:** AS 11.76.109(b), relating to exemptions to selling products containing nicotine to persons under the age of 21, if the product is FDA-approved, is prescribed by a doctor, and given by a parent or legal guardian.
- Sec. 10:** AS 11.76.109(d), relating to the requirement for vendors to supervise the operation of ESP or nicotine product vending machines (EVM), amends the exemption for EVMs situated in a private break room, provided there is signage posted indicating the minimum age to possess tobacco products is age 21 (from 19).
- Sec. 11:** AS 11.76.109(d), also relates to EVMs situated in a bar or restaurant. The statutory reference of such establishments was amended from AS 4.11 to AS 4.09, effective January 1, 2024, per Chapter 8, SLA 2022 (the "alcohol bill" -SB 9), passed in May 2022. Because the effective date of this section in the alcohol bill falls after the effective date of SB 89, a subsequent conforming amendment is necessary. This section is therefore technical in nature

and otherwise has no effect on the substance of SB 89.

Sec. 12: AS 11.76.109(g), relating to the penalty for selling or gifting ESP or nicotine products to a minor as being a \$300 violation, raises the minimum age from 19 to 21 years of age.

Sec. 13: AS 11.81.900(b) adds a definition of nicotine, to include a chemical or chemical compound intended to simulate the effect of the plant-based chemical derived from the tobacco plant. This is intended to include the emergence of synthetic nicotine in the market as a means of evading tax and sales penalties.

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MR. LAMKIN moved to Section 14 of the sectional analysis:

Sec. 14: AS 43.50.070(a), relating to licensing requirements for buying or selling tobacco or other products containing nicotine, adds legal authority for the Dept. of Revenue to suspend, revoke a license for ESP sales.

Sec. 15: AS 43.50.105(b), relating to wholesale cigarette sales and licensees, to restrict licensees from selling or transporting tobacco products to persons that are at least 21 (from 19) years of age, and to implement an age verification process when conducting transactions.

Sec. 16: AS 43.50.105(c), relating to common carrier transportation of cigarettes, to verify the age (21) of the recipient before delivery.

Sec. 17: AS 43.50.150(c), relating to the state being in partnership with municipalities in taxing tobacco products, is amended to include those municipalities taxing ESPs, to share data and jointly audit licensees selling those products.

Sec. 18: AS 43.50.325 adds a restriction on the transportation of tobacco and ESPs into the state, requiring licensing to do so, and makes clear provisions for age verification for

delivery of and labelling for such products. This is a conforming amendment, replicating AS 43.50.015, which applies only to cigarettes.

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MR. LAMKIN described Section 19 as the heartbeat of SB 89:

[Original punctuation provided.]

Sec. 19: AS 43.50 is amended by adding Article 8, relating to ESP Sales, Shipping, Licensing, and Taxation

AS 43.50.850 levies a 25% tax on the sales price of closed-system ESPs and vapor products in the state.

AS 43.50.855 provides for exemptions from the tax to include closed ESPs or vapor sold on military bases, approved by the FDA as a tobacco cessation product, or sold as a marijuana or hemp product.

AS 43.50.860 requires retailers to be licensed in the state to sell ESPs, details an annual application renewal process and fee, license transferability, suspension and revocation, product packaging and labelling requirements, and restrictions on marketing flavored products to youths.

AS 43.50.865 requires ESP licensees to file a monthly tax return to the Dept. of Revenue (DOR), including information on what was sold, sales prices, and tax imposed.

AS 43.50.870, provides for tax credits and refunds for faulty, damaged or destroyed ESP products that will not be sold.

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MR. LAMKIN mentioned that AS 43.50.870 may be struck because it applies to wholesalers and the bill is about retail sales.

[1:55:48 PM](#)

SENATOR MERRICK noted that previous versions of the bill had tax at the wholesale level. She asked what the rationale was for creating a new retail tax.

MR. LAMKIN answered that cigarettes and tobacco have a well-defined, tiered system with well-established, defined manufacturers, distributors, and retailers, but that is not necessarily the case with e-cigarette and vape products. He said there are instances in which a retailer is also a manufacturer. Crafting a wholesale tax is challenging when the lines are blurred and definitions of these roles can be manipulated. Implementing an additional retail tax was identified as the most effective means of taxation.

MR. LAMKIN continued presenting the sectional analysis:

[Original punctuation provided.]

AS 43.50.875 requires record keeping for licensees selling ESPs, including information on purchase prices, product sources, and volume of purchase. This information is to be kept on file for 3 years and kept confidential by the DOR.

AS 43.50.880 directs taxes collected on ESPs to be accounted for separately and that the tax revenue may be appropriated by the legislature to provide for educational programs in health care and research, and advertising related to the hazards of ESPs.

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SENATOR BISHOP drew attention to AS 43.50.875, which addresses confidentiality. He asked whether this was standard practice.

MR. LAMKIN expressed his belief that it was standard practice.

MR. LAMKIN continued presenting the sectional analysis:

[Original punctuation provided.]

AS 43.50.885 is a conforming amendment, adding restrictions to shipping or transporting ESPs into the state without a license, consistent

with same statutes relating to shipping or transporting tobacco or cigarettes.

AS 43.50.890 places restrictions on ESP vapor products to include:

1. a nicotine concentration of no more than 20mg/ml;
2. protection from breakage and leakage;
3. not containing other additives or stimulants such as caffeine, taurine, or vitamin E acetate;
4. child- and tamper-proof packaging
5. clear labeling to inform customers of all ingredients and nicotine content.

[2:00:31 PM](#)

MR. LAMKIN embellished on the decision to cap the concentration of nicotine at no more than 20mg/ml. He advised that it is important to avoid creating an incentive to increase the concentration of nicotine in these products as they will be taxed regardless of the nicotine content. The presumption is that all vape and e-cigarette products have nicotine in them but the key is that they are not too potent. Toxic levels are reached at around 60mg. Nicotine is a key addictive component of making people want to continue smoking. He advised the committee to consider limiting how potent e-cigarettes can be because otherwise, it would be counterproductive.

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SENATOR BISHOP asked whether there was random periodic sampling of these products.

MR. LAMKIN answered no, there has been little testing. The data he reviewed indicates that the products often claim zero or low nicotine levels when in fact it is higher.

MR. LAMKIN continued presenting the sectional analysis:

[Original punctuation provided.]

AS 43.50.900 provides a definition for "sales price" for tax purposes

AS 43.50.990 provides definitions for "closed electronic smoking product," "electronic smoking product," "vapor product," "nicotine," and "retailer." Hardware components such as

batteries, battery chargers, heating elements and mouthpieces are excluded from the definition of an ESP for tax purposes, when sold separately or not part of a closed ESP.

Sec. 20: AS 43.70.075(f), relating to business license endorsements for selling tobacco products, amends the existing requirement for signage to be posted on vendor premises, stating it being illegal to sell tobacco or ESPs to minors under the age of 21 (from 19).

Sec. 21: AS 43.70.075(m), relating to the process for suspending business licensees holding a tobacco endorsement, amends existing statute referring to tobacco or ESPs being sold to minors under the age of 21 (from 19).

Sec. 22: AS 43.70.075(t), relating to penalties for licensees violating the T21 laws, amends existing statute for lessening the penalties if a license holder has a written tobacco or ESPs sales policy to include employees not selling tobacco or ESPs to minors under the age of 21 (from 19).

Sec. 23: AS 43.70.075(w), relating to the appeal and administrative process of license suspension, conforms existing law regarding tobacco and ESP sales, to apply to sales to minors under the age of 21 (from 19).

Sec. 24: AS 45.50.471(b), relating to consumer protection and unlawful business practices, adds a new subsection making it unlawful to market or advertise ESPs to persons under the age of 21 in the state. This is a conforming change consistent with unlawful marketing referenced in Section 18 above.

Sec. 25: AS 47.12.030(b), relating to the juvenile justice system, and minors accused of possessing tobacco, conforms existing law to apply to possession by minors under the age of 21 (from 19).

Sec. 26: AS 11.76.100(e), relating to sales, gifting and possession exemptions for incarcerated persons, and AS 11.76.106(b)(4), allowing internet sales of ESP products to unlicensed consumers, are both repealed.

Sec. 27: Relates to applicability of conforming changes in the bill, and also for purposes of sales, provides a grandfather clause for persons age 19-20 who, on the effective date of the act, are employed on premises licensed to sell these products.

Sec. 28: Applies an effective date for Sections 3 and Section 11, relating to vending machines in bars and restaurants, as specified in Ch 8 SLA 2022 (the "alcohol bill") of January 1, 2024.

Sec. 29: Applies an effective date of July 1, 2023.

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SENATOR BISHOP directed attention to Section 23 and asked what the penalty is if the licensee is found guilty of illegally selling to a minor.

MR. LAMKIN answered that the fine for a clerk is \$300-\$500. A licensee goes through a tiered system which has not changed; by the third offence their license is not renewable.

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SENATOR DUNBAR said he wants to discuss employment, but he will hold his questions until after public testimony.

[2:08:23 PM](#)

CHAIR BJORKMAN opened public testimony on SB 84.

[2:08:54 PM](#)

RICH MARIANOS, Professor, Georgetown University, Washington, D.C., gave testimony in opposition to SB 89. He said that in states where taxes on disposable e-cigarettes are increasing, there is a coinciding increase in crime. Black market products are flooding in, giving children greater access. In Los Angeles, eight out of ten stores are selling vape products to youth and all of the product is supplied by the black market. These measures are the antithesis of police reform. When officers target people selling tobacco on the street instead of focusing on protecting them from more serious criminals, it creates a

bigger wedge between law enforcement authorities and the community they serve. In New York, the taxes on e-cigarettes are so high that criminals are smuggling in illegal vape product, causing the state to lose billions of dollars in revenue.

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KEITH DAVIDSON, Division Sales Director, Core-Mark International, Beaverton, Oregon, gave testimony in opposition to SB 89. He said the 25 percent retail tax would be punitive for consumers seeking an alternative nicotine product to replace harmful traditional combustible products. Adult consumers should have legal access to "step-down reduced-harm" products such as e-cigarettes. If the goal is to keep vape products away from youth, then the focus should be on those that provide the products to them. E-cigarette product sellers use age verification on every purchase. It is adults, most often family members, who provide these products to children. The cap on nicotine content would decimate the vape category in Alaska. Taxing vape products while simultaneously limiting their availability may have the effect of expanding the black market for vapes, such as in the case of New York.

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DON ENSLOW, representing self, Anchorage, Alaska, testified in support of SB 89. He said part of his job was to monitor chemical exposure hazards to his coworkers. He pointed out that the Hopkins Medicine website reports that there are chemical toxins in e-cigarettes and their vapor. His father was a chain smoker and died of lung cancer, so he is privy to the dangers that chemical toxin exposure presents to personal health. He said that taxes on e-cigarettes are an effective measure for reducing and discouraging tobacco use. SB 89 is needed to counter trending vape use in Alaska. Increasing the legal age for consumption is critical for reducing vape use among youth. He expressed the hope that tax revenue would support youth education on the dangers of tobacco use.

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DR. GEORGE STEWART, representing self, Anchorage, Alaska, testified in support of SB 89. He said the American Lung Association supports the intent of the bill. The US Surgeon General has declared the use of e-cigarettes an epidemic. One in four Alaskan high school students use e-cigarettes. Another generation is becoming addicted to dangerous tobacco products. Inhaling e-cigarette vapor introduces nickel, lead, and tin into the lungs. Ultrafine particles enter the alveoli from the lungs

and then pass into the bloodstream, causing inflammation. The only thing people should breathe is clean, healthy air.

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DR. JOHN MARTIN, President, Smokefade, Long Beach, California, stated that he is a licensed clinical psychologist and former professor of psychiatry. RG Reynolds paid him to prepare these comments and testify, but the opinions are his own. He said there is a growing scientific consensus that e-cigarettes are safer than combustible cigarettes. Reducing the amount of nicotine in vape products risks losing users who find the lower concentration less satisfying. He said that users of a 5 percent nicotine product had a greater reduction in urges to smoke than users of a 3 percent nicotine product. Capping nicotine concentration exposes users to greater levels of potential toxins because they will compensate by puffing more and may even return to smoking traditional cigarettes. E-cigarettes are a key tobacco harm reduction method.

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SHAUN D'SYLVA, Owner, Fatboy Vapors, Anchorage, Alaska, testified in opposition to SB 89. He agreed that legislators and community members should work together to limit youth use of and access to vape products. Teen usage of combustible nicotine products is less than 2 percent and vaping use is at 9.4 percent. Combined, the amount of use is lower than at any time in the last 50 years. The FDA has approved nicotine levels at 6 percent for e-cigarettes, but SB 89 would cap the level at 2 percent. These products are designed to aid in smoking cessation and higher nicotine concentrations are useful for this purpose. He believes SB 89 will harm adult users by taking away an opportunity for them to stop smoking.

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FLORA RODDY, representing self, Fairbanks, Alaska, testified in support of SB 89. She grew up in a smoker's household, her husband smokes, and her grandchildren have parents who smoke. She said e-cigarettes are easy for kids to hide, but they create large clouds of vapor when they're used. It's discouraging to see how common vapes have become. Her grandmother died of emphysema and her husband had esophageal cancer after smoking for 30 years. For these reasons, she supports raising the age and taxing [vape products].

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At ease.

[2:26:12 PM](#)

CHAIR BJORKMAN reconvened the meeting.

[2:27:15 PM](#)

LAURA CARTER, representing self, Anchorage, Alaska, testified in support of SB 89. She said her opinions are strongly swayed by her position as a middle school assistant principal. Students are vaping all over school. Vapes are easy to obtain. SB 89 will reduce youth access to vapes. She said she was infuriated that vape packaging, flavors, and marketing appeal to young people. Examples of confiscated vape flavors include: rainbow cloud, blue cotton candy, watermelon freeze, and strawberry donut. This is not the predicament of bad kids, rather it is the result of targeting. Prevention is easier than trying to help an eleven-year-old through a nicotine cessation program.

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ROBIN MINARD, Chief Communications Officer, Mat-Su Health Foundation, Wasilla, Alaska, testified in support of SB 89. She stated that most tobacco use begins before age 18. She said that policies that increase the unit price of tobacco products create smoke-free environments and restrict minors' access to tobacco have been proven to contribute to the non-use of tobacco among youth. About a third to one half of high school students in Mat-Su use vape products. She reiterated support for SB 89.

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TERRENCE ROBBINS, representing self, Ketchikan, Alaska, testified in support of SB 89. He said it was important to tax e-cigarettes just as much as other tobacco products. E-cigarette usage has sky-rocketed among Alaskan youth. Youth who use e-cigarettes are three times more likely to become daily cigarette smokers than a youth who never uses e-cigarettes. Higher pricing will reduce youth initiation rates.

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ELIZABETH HICKS, U.S. Affairs Analyst, Consumer Choice Center, Lansing, Michigan, testified in opposition to SB 89. She said that limiting nicotine levels in vapes and increasing taxes will incentivize current smokers not to move away from combustible cigarettes and even encourage adults who vape to switch back to combustible tobacco products. She stated her belief that vaping is 95 percent less harmful than smoking. She said that ensuring that adult consumers have access to their preferred vaping products will lead to fewer cigarette smoking-related deaths in Alaska. More than 43,000 Alaskans have switched to e-cigarettes, but SB 89 will effectively undermine consumers by preventing

them from using the nicotine products that are significantly less harmful. They will be less inclined to purchase products from regulated entities and will look to the illicit market. This presents concerns that consumers will be purchasing products that do not adhere to regulatory standards. Additionally, the illicit market does not implement an age restriction, making it easier to acquire the product illegally. She shared that after being around second hand smoke most of her life, she was diagnosed with cancer and has been undergoing chemotherapy; she would not wish that experience on anyone. She posited that e-cigarettes are a harm-reduction tool. SB 89 is misguided and unintended consequences will exacerbate the very problems the state is trying to fix.

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KAMREN EATON, representing self, Wasilla, Alaska, testified in opposition to SB 89. He expressed that he understood that the state must abide by the federal age change from 19 to 21. He was confused as to why so many other items were included in the bill besides that. He also said that it seemed weird to him that a military veteran who fought for their country cannot smoke a cigarette or e-cigarette, but criminals in prison would be allotted a smoke break. He went on to voice concern that the nicotine cap will encourage transactions in the black market.

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DAVID PARROTT, representing self, Soldotna, Alaska, testified in opposition to SB 89 as a vape shop owner. He complained that the tax would place a burden on his customers who are trying to get off of cigarettes. He was confused by the shipping restrictions. He took issue with the notion of the state banning devices approved by the FDA. He said requiring additional age verification at a vape shop was unfair to his industry. He complained that the tax would put mom and pop shops out of business.

[2:37:41 PM](#)

DENNIS HULL, State Affairs Coordinator, Americans for Tax Reform, Washington, D.C., testified in opposition to SB 89. He suggested keeping the legal penalties for minors that possess vape products. He opined that requiring a court appearance is an effective way to mitigate offenses of possession. The new tax at 25 percent is high and poor Alaskans will bear the burden. Seventy-two percent of Alaskan smokers are from low income communities. Cigarettes are the leading cause of preventable death, while vapes are 95 percent safer than "cancer sticks." He said the chances of quitting smoking are three times higher if

one switches to e-cigarettes. It may be that doctors in England prescribe vape products as medical devices. Nicotine does not kill people. Other tobacco products do not contain tobacco; there have been synthetic nicotine developments in the industry. For the 15 percent of Alaskans who are addicted to cigarettes, the reliance on nicotine is the lesser concern. He contended that Alaskan smokers need every incentive to switch to vaping. He called attention to the statistic mentioned earlier that 1 in 4 high school students are regular users of e-cigarettes. He stated that this is not true; that is the number of students who have tried an e-cigarette in the last 30 days.

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ALEX MCDONALD, representing self, Fairbanks, Alaska, testified in opposition to SB 89. He said he wanted to address fallacies in the presentation of the bill. Juul and other e-cigarette companies stopped advertising years ago, so those marketing campaigns are no longer an issue. He stated his belief that smoking a cigarette in only seven puffs is unreasonable. He also lost family members to smoking, and said he wished that e-cigarettes had been around earlier. He pointed out that a standard cigarette has 1.8mg of nicotine so a pack has around 40mg, rather than 20mg. He stated that buying vapes for only \$1 is unusual. He said capping the nicotine at 20mg would take half the vape products off the market. He reiterated his opposition to SB 89.

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CODY WALKER, representing self, Soldotna, Alaska, testified in opposition to SB 89. He disagreed with taxing adults on vape pens which haven't hurt anyone. In contrast, the overdose rate on illicit drugs has gone up 74 percent in Alaska. He stated that it was ridiculous to go after vapes, which help people, instead of focusing on the drug overdose epidemic.

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GREGORY CONLEY, Director, Legislative and External Affairs, American Vapor Manufacturers (AVM), Medford, New Jersey, testified in opposition to SB 89. AVM supports the tobacco 21 provisions in the bill but has serious concerns about the regressive 25 percent retail tax. He said the retail tax will be difficult to enforce, increase untaxed sales, close law-abiding businesses, and cause taxed vaping to be more expensive than using other tobacco products. Wholesale tax systems have worked out in other states. In Indiana, "fly-by-night" businesses are either not collecting the retail tax or collecting just a tiny share of what they owe. When every retailer is expected to pay

that tax, enforcement becomes more difficult. Many of the manufacturers' standards mimic federal law and the nicotine cap is preempted by federal law. A more potent product can be a less hazardous one. Vaping is not on the rise among youth; the data is outdated. He said that vaping has declined nationally among youth and adult vaping has increased. He concluded by saying that the director of the FDA Center for Tobacco Products said that he doesn't use the term "epidemic" because it means "going up."

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JESSI WALTON, representing self, Fairbanks, Alaska, testified in opposition to SB 89. She stated that she is a former smoker and she doesn't believe she should be taxed for making a healthier choice. When the weather is 40 below, she prefers using her e-cigarette. She doesn't want to die of a smoking-related illness. She said this bill will push people back to combustible cigarettes. She is living proof that it can help people quit smoking. Forcing small businesses to fight bills like this year after year is the reason doing business in Alaska is among the worst in the country.

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WADE NELSON, representing self, Soldotna, Alaska, testified in opposition to SB 89. He is a former smoker and he believes that adding a 25 percent sales tax won't stop youth from vaping. Rather, it will place a burden on adults who chose to use vape products, which are a 95 percent safer alternative to combustible cigarettes.

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JANICE PARK, representing self, Anchorage, Alaska, testified in support of SB 89. She asserted that nicotine does kill people. She described her father's health decline as a result of smoking. She said that raising the legal age to 21 protects children from possession and consumption, the side effects of secondhand smoke, and the premature loss of loved ones.

[2:48:58 PM](#)

JESSICA FREY, representing self, Anchorage, Alaska, testified in support of SB 89. She said she supports taxing e-cigarettes. Youth use of e-cigarettes is an epidemic throughout the country. She said there is proof that increasing the price of tobacco products is the single most effective way to reduce consumption of and prevent youth initiation to tobacco products. She said she is witnessing her 9-year-old child dealing with peer pressure. Nicotine harms brain development and causes cancer.

Emissions from e-cigarettes contain cancer-causing chemicals. She asserted that raising costs on these products is one step to protect youth from future lung health issues, forming other addictive behaviors, and potentially cancer. Vape products are not currently taxed in Alaska and are addicting a new generation to nicotine.

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CASEY JOHNSON, representing self, Soldotna, Alaska, testified in opposition to SB 89. He said that nicotine does not kill anyone. It's all the other chemical additives and pesticides sprayed on tobacco that are harmful. Vapes helped him overcome a severe smoking addiction and consequently his respiratory health improved. He disagreed with the tax increase and the nicotine cap on e-cigarettes.

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KATIE EDWARDS, representing self, Soldotna, Alaska, testified in opposition to SB 89. She said she is a former smoker and vaping helped her regain her health. She said that raising the taxes on vapes would make them a less affordable replacement for combustible cigarettes, and she would regress back to smoking should this bill pass.

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JAY OKU, representing self, Orange County, California, testified in opposition to SB 89. He said a tax increase for blue collar Alaskans during tough times will force people to purchase from the black market. He asserted that a bottle of e-liquid certainly costs more than \$1. The tax increase would make criminals out of good people or sentence them to a life of smoking. He posited that the combined deaths from suicide, murder, car accidents, fentanyl, COVID-19 and opioids would pale in comparison to the 480,000 annual deaths from smoking-related illness. He suggested that the solution is to enforce the law to ensure underaged sales are not occurring.

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MR. LAMKIN offered closing remarks on SB 89. He refuted a lot of the public testimony heard today. The message from schools statewide overwhelmingly indicates that this is an epidemic. Some children are addicted by the 4th grade. He stated that vaping is so pervasive that schools are now investing in expensive vapor detectors for school restrooms.

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CHAIR BJORKMAN closed public testimony on SB 89 and held the bill in committee.

2:57:36 PM

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:57 p.m.