



TESTIMONY OF GREGORY CONLEY FEBRUARY 14, 2017

Re: SB 54 -- Vapor Products and Electronic Cigarettes

Members of the Assessment and Taxation Committee:

Thank you for the opportunity to testify on the important topic of vapor products, which are commonly referred to as electronic cigarettes or e-cigarettes. Our organization encourages you to vote YES on SB 54, which would clarify the intent of a new tax that was passed on the vapor products industry in 2015 without the benefit of public hearings. If the Legislature fails to act by either enacting this clarification or lowering the current rate of 20 cents per ml, dozens of small businesses will be decimated before the year's end.

Vapor products are *anti-tobacco technology* products, as they are tobacco-free, smoke-free, and are increasingly being recognized as a smart way to get smokers to transition away from smoking combustible cigarettes. Two recent comprehensive reviews undertaken by Public Health England and the Royal College of Physicians have estimated that vapor products are about 95% less hazardous than smoking. Furthermore, a recent report entitled "Clearing the Air" by the University of Victoria's Centre for Addictions Research of British Columbia concluded that fears that vaping is a gateway to smoking are unfounded.

The current tax of 20 cents per ml of nicotine-containing liquid is far too high. While most businesses have been able to survive in North Carolina (5 cents per ml), Louisiana (5 cents per ml), and West Virginia (7.5 cents per ml), the tax in Kansas will not be sustainable. Kansas' current tax is so out of the mainstream that it is **double** the 10 cents per ml proposed by tax-friendly NY Governor Mario Cuomo in his budget this year. It is also comparable to Pennsylvania's 40% of wholesale tax on vapor products, which has closed over 100 stores in the state in just the past four months.

We understand that the State of Kansas is facing budget concerns, but without this change, this tax will bankrupt many small business owners and discourage Kansas' nearly 400,000 adult smokers from making a choice that could radically improve their lives. Please pass SB 54.

Sincerely,

Gregory Conley, J.D., M.B.A.
President – American Vaping Association