

February 14, 2017

Senate Assessment and Taxation Committee

As a retail brick and mortar shop owner I want to provide the reasons I oppose the .20/ml e-liquid tax as it stands with the definition of "consumable material" meaning the entire volume of a bottle of e-liquid.

Nicotine accounts for a very small amount of the total volume of e-liquid. The primary ingredients of e-liquid are vegetable glycerin, propylene glycol and flavoring. Liquid nicotine is the only component of e-liquid derived from tobacco. Traditional cigarettes are made of tobacco in its leaf form therefore, each cigarette is a tobacco product; while e-liquid contains only a fractional amount of nicotine.

Implementing this tax as it stands will devastate small business brick and mortar shops in Kansas, because it will drive customers to online websites or across state lines in an attempt to not pay more. It has always been a challenge to compete with online pricing and this will only make it even more difficult to compete. More online sales will likely result in lower revenue from this industry for the state of Kansas. I realize the legislature has taken online sales into consideration, however, I feel they will lack the ability to thoroughly enforce the e-liquid tax on all online sales to Kansas residents.

For our business specifically, we were looking at expansion within Kansas; but as a result of this tax, we are considering expansion outside of Kansas. I am sure we are not alone. This tax is making it harder to run a successful business in this industry here in my home state. The last thing our state needs is to lose more jobs.

To put a portion of the impact on small business into perspective: Prior to 2016, our cost on a gallon of 24mg unflavored VG/PG base was \$90.00. One gallon=3,785ml. By implementing the e-liquid tax as currently worded(.20/ml tax) the cost for that same gallon will increase to \$847.00. The impact will be devastating on small businesses across Kansas in the vaping industry.

This tax is only going to make it more difficult for consumers to afford a healthier alternative to traditional cigarettes. According to the CDC, Smoking is the leading cause of preventable deaths. However, a recent study funded by Cancer Research UK has found vaping to be dramatically better for an individual's health. Cancer Research UK-funded scientists found that people who swapped smoking regular cigarettes for e-cigarettes or nicotine replacement therapy (NRT) for at least six months, had much lower levels of toxic and cancer causing substances in their body than people who continue to use conventional cigarettes.

Respectfully,

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