

Sarah Rutland
Before the House Finance Committee
House Bill 49 Opponent Testimony
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Chairman Smith, Vice Chair Ryan, Ranking Member Cera and members of the House Finance Committee, my name is Sarah Rutland, and I am the proud owner of Top Notch Vapor, located right here in Columbus Ohio. I am here today to express my concerns regarding Governor Kasich's proposed budget, specifically relating to the tax on ecigarettes and vaping.

I myself smoked almost a pack a day for twenty years. I had tried to quit smoking several times using the patch, gum, and Chantix, nothing worked until I found vaping. When I was a smoker I would cough every morning, and found it difficult to catch my breath if I had a coughing fit throughout the day. My family enjoys hiking and lots of other outdoor activities, which I found myself having a hard time doing when I decided to quit. The difference in my health is amazing since I started vaping several years ago, and that was the **main** reason that my husband and I decided to open Top Notch Vapor in April 2014. We invested everything we had into the business, it was a lot of hard work and sleepless nights. We are incredibly proud and thankful that we have been able to help thousands of people end their addiction to traditional cigarettes and find relief for so many health problems associated with smoking.

When we decided on a location for our shop, the space we leased had been vacant for almost a year, with two other vacancies in the plaza. Our landlord is a local small business owner, and he has found it hard to lease retail spaces in this economy. Our initial space was 980 square feet. After an overwhelming response from the vaping community, it became apparent that we were outgrowing our location. In November of 2014 we moved within our plaza to accommodate our growing business to 2400 square feet. Since we have opened, our neighbors have seen their customer base grow because of the number of vapers that shop with us. We have become a destination for Ohio vapers, as well as vapers traveling through Ohio, and the local businesses around us are seeing growth from our presence in the area.

We **were** hoping to continue to expand our business and open two more locations within the next year, but with this proposed budget looming, we **don't** feel that our future is secure, and have put those plans on hold for the time being. We currently have seven employees, all of which were paid over minimum wage when hired at \$10 per hour, and raises have been given to each employee for being outstanding workers who care about their customer. This isn't just a job for our

employees, they are as passionate as I am about helping people quit smoking. Every person is different, at our shop, we sit down with our customers and find out what device, flavor, and nicotine level would work best for them. We hear their stories about health issues from cigarettes, or a family member dying from smoking, and eventually, we get to hear about how their health has improved. If we were to expand, we would employ at least 20 more people.

There are about 65 vapor shops located **just** in Central Ohio alone, and they employ an estimated 325 people collectively. There are over 725 vapor specific businesses located in our state, that employ an estimated 3,200 Ohioans, that cater to the estimated 250,000 vapers in our state. If this budget were to pass, the amount of jobs lost in the **entire** state would be **huge**, and small business opened by families like mine would be forced to close their doors, and potentially lose everything. This would effectively **kill** one of the **fastest** growing markets for local small business owners in our state.

If this tax were to pass on vapor products it would have irreparable consequences within our State. In Pennsylvania nearly 1/3 of their vapor businesses have closed their doors due to an outrageous tax on vapor products, and thousands of those customers have flocked to Ohio businesses that border their state. The proposed tax on vapor products is **so** astronomical that our consumers will undoubtedly turn to one of the **thousands** of online retail vendors to purchase vaping products, or they would travel to one of the neighboring states (which do not have higher taxes on electronic cigarettes) to purchase these products. Another alternative for enterprising vapers is to mix their own eliquid. There are only four ingredients in eliquid, vegetable glycerin, propylene glycol, food grade flavorings, and nicotine. If this tax were to pass a massive black market would emerge and there would be no guarantee of the quality, childproof caps, and standards for manufacturing for those unregulated products. The State would miss out on potentially millions of dollars of sales tax revenue annually. Unlike a pack of cigarettes, vapers require: batteries, chargers, charging cables, coils, wicking material, wire, tanks, juice, devices, mods, and **numerous** other accessories. All of these products are collecting sales tax that would have **never** been purchased in this volume in the past. If we are forced out of business because of this tax increase, we will obviously no longer be able to collect and pay sales tax on these many products. Currently my one shop alone pays an average of \$7000 per month in sales tax.

Something that I find very interesting about this industry is the amount of respect that we have for our competitors. We all **believe** in what we do, and we all know that we are helping people find the alternative to cigarettes that have made our lives better and improved our health. Not many other businesses have this

kind of respect and friendliness that we do, and for that I am very grateful and proud to be a part of this industry. Vapers are passionate about making the switch from traditional cigarettes, most have tried unsuccessfully to quit in the past, and the number of vapers are growing every day. Vapers are active members of our communities, volunteers, and voters. There is no average demographic for vaping, we have customers ranging (on average) from 20 years old up to 70 years old or higher. We are parents, grandparents, doctors, teachers, police officers, firemen, and veterans. I feel that people who have made the decision to quit smoking and start vaping do not deserve such an outrageous tax. I ask that you oppose the tax increase on vaping products and keep the interest of local small businesses like mine protected from unfair taxation.

Thank you for allowing me the opportunity to appear before you today, I'd be happy to answer any questions you may have.