

Hi, my name is Jeff Kathman, I am here representing my wife, Patty Kathman, and her business. She owns Cincy Vapors, which is located in Cincinnati, Ohio. She opened her first store in Aug of 2013, and her second in May of 2014 and HAD plans for 2 more locations to open within the next 6 months...until now.

I would like to ask you to drop the tax on eliquids in the current budget proposal. If this or ANY tax is added to this product, it will destroy her vape shops and all others in the state of Ohio.

Her first vape shop is located at the retail location of my former business. It was an RYO rolling machine store, which was forced, closed by Federal legislation in July of 2012. Between the closing of it and the opening of her new store, I was forced to continue to pay rent on an empty unused retail location. She saw the idea of a vape shop while visiting her family in Florida. Upon her return she proposed the idea of her own shop using that retail space, which I thought, was a great idea!! She now has 2 stores with 12 full time employees and 3 part time that wish to become full time. These employment numbers were expected to do nothing but grow, but now she fears the devastating effect of this tax so much that all plans for expansion are now on hold.

A tax of this magnitude will not only be crippling to vapor shops and the vaping industry in Ohio but it will absolutely be devastating to vapor stores in the Cincinnati area due to the fact that there are 2 Bordering States with no eliquid tax as well as Internet sales. If passed a customer will be able to drive no more than 10 minutes to Kentucky or Indiana to buy their untaxed eliquids plus any of the other items they would typically purchase at their local vapor stores. In the past, sin taxes or tobacco taxes have been far more damaging in this area than other parts of the state simply because the northern bordering states had higher tobacco taxes. Sadly, this will not be the same kind of result... it will be far worse. This business was started on the Internet and since the Internet is available everywhere this will ruin any chance of Ohio vapor shops surviving.

Elquids make up 57% of her sales. If enacted that business will be gone, leaving her only to sell hardware, which will likely dwindle to nothing because her eliquid customers are the ones who are buying the new hardware and supplies. All of this will be purchased out of state or all back on the Internet. If passed I predict she will not be able to survive another 6 months. Which will result in the loss of jobs, sales tax revenue, payroll taxes and more empty retail locations. I know this for a fact...I was the owner of a franchise tobacco store located in Delhi Ohio. A community located less than a 7minutes, close to a 5-mile drive to Kentucky. In 2006 when Ohio raised the tobacco tax I lost 60% of my business over night and was forced to layoff 5 employees and close the store. My wife's and every other shop in Ohio will suffer the same fate.

All that I have mentioned so far are the financial implications of this tax. But there is another, just as concerning side to this issue which are the health ramifications. All 15 of her employees were former smokers. This product has enabled each one of them to walk away from tobacco and cigarettes (which they had tried multiple times before. All unsuccessful). Over 90% of her customers are also former smokers. If enacted this will likely force all those whom are not Internet savvy back to cigarettes and all their former health problems simply because of the e liquid cost

and convenience. Because it will be too expensive and just too easy to go to any gas station or corner store and buy cigarettes again. I wont make any health claims on the behalf of others, I will let their testimonials and letters to you speak for themselves. My wife and her employees hear every single day from others about how good they feel, how much easier they breath, how they no longer stink like cigarettes, and how much money they are saving. She and I are also former tobacco users. Since the opening of her first store, I have not had a cigarette, cigar or dip. In fact, just the smell of them now makes me sick. She also has not smoked since then either. We both haven't felt this good since before we started using tobacco products.

In closing, I beg and plead with you with you to eliminate this tax from the current budget proposal. Please make Ohio vape friendly and keep this money in Ohio where it belongs. Keep this emerging business in Ohio... please do not force us or anyone to go elsewhere.

Thank you for your time and I will gladly try to answer any questions you may have!

Thank you