

James Jarvis

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April 5, 2017

Chairman Smith, Vice Chair Ryan, Ranking Member Cera and members of the House Finance Committee, my name is James Jarvis and I am the President of the Ohio Vapor Trade Association (OHVTA), I am also a vapor store owner myself with several locations throughout central Ohio. I am testifying here before you today in opposition to portions of HB 49 and to ask that Governor's budget proposal of 69% on the wholesale of vapor products as well as the \$1000.00 annual license fee be removed entirely.

The Ohio Vapor Trade Association is made up small and medium sized business owners who run Vapor Stores, E-Liquid Manufacturers and Distributors around Ohio. Our members employ hundreds of Ohioans in nearly every county of the state. As you know, the Governor has proposed raising the tax on other tobacco products (OTP) from 17% to 69% and including vapor at the 69% rate. Additionally, he has proposed a \$1,000.00 licensing fee for vapor distributors. A tax of the magnitude proposed will not only shut down every business in the OHVTA, but all 750 Vapor businesses in the state and eliminating nearly 4750 jobs. Including vapor with OTP and taxing it at 69% will, in some counties, represent a 961.5% increase in the tax ultimately paid for by consumers, and that is without the Governor's proposed sales tax increase taken in to consideration. I know of no other industry that has experienced nearly a 1000% increase in their tax structure and survived. For a comparison, we only need to look to Pennsylvania to see the detrimental effect of taxation of vapor products. The State of Pennsylvania implemented a 40% wholesale tax in October of last year. Since that time, over 20% of the vapor industry in Pennsylvania have closed. Because of the 40% wholesale tax, over 100 retail businesses have closed forcing approximately 1,000 workers to be laid off.

Unfortunately, we are aware of several retail locations in addition to those who have already closed in Pennsylvania that are currently on the brink of closure. This has led the Pennsylvania legislature to consider several bills that would lower the amount of and even repeal the tax.

Taxes on vapor products by their very nature are a regressive tax. Over 25% of Americans below the poverty line smoke combustible cigarettes while only approximately 15% of people who are over the poverty line smoke. This has led to hundreds of billions in direct health care costs to our state and federal governments to address the effects of smoking. Further, combustible cigarettes have led to the unnecessary death of over 6 billion people.

However, according to the Royal College of Physicians, vapor products are over 95% safer than combustible tobacco. Further, Mitch Zeller, the Director of the FDA's Center for Tobacco Products, has stated that if we could get all those people who smoke to completely switch all of their cigarettes to



vapor products, it would be good for public health. Therefore, to treat vapor products from a tax and regulatory perspective in the same or similar manner to combustible cigarettes would cause us to take a step back not forward in our quest to end smoking.

I appreciate your time and your attention to this issue and again, I urge you to remove the 69% vapor tax and \$1000 license fee to let Ohio continue to operate as they are. I would be happy to answer any questions you may have.

Thank you