



AMERICANS for TAX REFORM

March 11, 2015

House Public Policy Committee
Senate Tax and Fiscal Policy Committee

Dear Legislators,

I write today in opposition to Senate Bill 539 and its companion House Bill 1432, which seek to impose onerous regulations on the sale of vapor products in the state of Indiana. While some of the provisions of these bills seem like common sense at face value, these bills represent some of the worst types of crony capitalism that a state government can take part in and should be rejected as such.

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The debate over regulations and taxes on electronic cigarettes and vapor products began months ago. As we have noted in the past, these products should not be subjected to additional taxation. They are tobacco-free products that increasingly more evidence suggests stand to save millions of lives as cigarette smokers make the switch. Beyond the tax debate, however, is the looming threat of overregulation. **SB 539 and HB 1432 stand to cause far more harm to this burgeoning Indiana industry that any amount of taxes ever could.** No other state has considered restrictions as harsh as the ones outlined in these bills.

Claims about the dangers associated with e-liquids are unsubstantiated by science. That is precisely why the Food and Drug Administration (FDA) is the best outlet for a framework for regulation, and not separate state regulatory boards like the Indiana Alcohol and Tobacco Commission. **If every state adopted different guidelines for packaging and labeling, the regulatory and compliance nightmare created for businesses that sell products in multiple states would be crippling.**

Additionally, requiring producers of e-liquid in Indiana to secure high tech security systems will cost small businesses tens of thousands of dollars without protecting the public from any perceived risk associated with the manufacturing or sale of vapor products.

All of these issues are interrelated. The company pushing for these regulations stands to benefit from each of the proposed rules. SB 539 and HB 1432 would set up The Indiana Vapor Company LLC, a business with suspicious ties to Centaur Gaming, to be the sole distributor of e-liquid products sold in Indiana. These bills would force a number of small businesses in Indiana to close up shop and move elsewhere. **Granting one company a monopoly on this lucrative market would codify some of the worst type of crony capitalism.**

Electronic cigarettes and vapor products are creating thousands of jobs and generating millions of dollars in tax revenue while getting countless consumers to make the switch from cigarettes to tobacco-free alternatives. Millions of daily vapers in the United States have become extremely active politically. **Vapers represent the newest addition to the “Leave Us Alone” coalition and should not be ignored as a significant political force in American politics.** These are passionate consumers who represent a new political movement.

If you have any questions about ATR's position on this issue, please contact state affairs manager Paul Blair at 202-785-0266 or by email at pblair@atr.org.

Onward,

Grover Norquist
President, Americans for Tax Reform

Cc: Governor Mike Pence