



June 24, 2015

Washington House Committee on Finance

Dear Representative,

I write today in opposition to House Bill 2211, which would impose a 60 percent tax on e-cigarettes and vapor products sold in Washington. **Not only is this a massive tax increase that will hurt small businesses in Washington, but to impose a massive tax on vapor products makes little sense from a health perspective as well.**

This 60 percent tax will make Washington extremely uncompetitive in e-cigarette and vapor product pricing, leading to an increase in online purchasing. E-cigarettes will prove to be an extremely volatile source that costs in-state businesses tens of thousands of dollars in lost sales, resulting in even less revenue for the state government.

The threat of onerous taxation on vapor products and businesses has already resulted in the announcement that Mount Baker Vapor, which employs more than 100 Washington residents, will be relocating to Arizona this year. The income, property, and sales taxes generated by this medium-sized company will no longer be collected in Washington as a result of legislative threats like HB 2211.

Taking aim at e-cigarettes with higher taxes works at cross-purposes with efforts to cut down on the harm associated with smoking. Mitch Zeller, Director of the Center for Tobacco Products at FDA has recognized this reality. He recently noted, "If we could get all of those people to completely switch all of their cigarettes to one of these non-combustible products, that would be good for public health."

A number of studies have shown that electronic cigarettes stand to improve health and prevent disease. By choosing to "vape" e-cigs instead of smoking traditional tobacco, consumers get their nicotine fix without the combustion and smoke, which are responsible for many of the negative health effects of tobacco cigarettes.

With e-cigarettes, the free market has provided a solution to a problem that social engineers have not been able to address through stiff government regulations. **The imposition of new taxes on innovative products that reduce smoking and people's dependence on tobacco cigarettes is misguided and will impede proven harm reduction methods.** It makes little sense in this fragile economy to impose hundreds of thousands of dollars in higher taxes on a product that provides consumers a viable and harmless alternative to traditional tobacco products.

I would urge you to reject House Bill 2211 in its present form and in any form that imposes an excise tax on e-cigarettes and vapor products. **Not only will the tax yield insignificant revenue for the state, it will keep smokers from transitioning to a far healthier alternative.** While this might protect state cigarette tax revenue, it will continue to impact state health care costs in a far more detrimental way.

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,

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