

Hello,

My name is George Burnes and I am the owner of Capital Candy Co. Inc. of Barre, VT. I appreciate the opportunity to present this written testimony.

Capital Candy was founded in 1938 by my grandfather who sold two candy items out of the back seat of his car. Since our inception, we have paid to the State of Vermont over 500 million dollars in taxes consisting of tobacco, payroll, sales, fuel, and lately the states new health insurance. We employ around 170 people, and donate much to various community functions and charities. In my 50 years of running the business I have never testified about anything. I think over the years the legislature has done mostly a good job under difficult circumstances. However I am starting to feel the pin cushion.

A law very similar to the proposed S-18 passed a couple of years ago in Massachusetts. The results of which are that New Hampshire border stores are selling hundreds of millions of dollars in menthol cigarettes, flavored tobacco, and flavored vapes. In addition, the criminal black market is selling hundreds of millions more. The same would happen to Vermont.

In 1998 all states including Vermont signed on the tobacco master settlement. The initial amount agreed upon to the states was 246 billion dollars split up over several years. It is still on going and has been added to over the years. Vermont's share is very large. This money was supposed to be spent on youth education, smoking cessation, and other health related issues.

The laws governing tobacco and vape products in Vermont are the same as they are for alcohol and marijuana. A person needs to be 21 with an ID that is checked or scanned to verify age. The state has training programs for store employees to help them verify age, and also perform "stings" which help keep stores more accountable. It is a very successful process and has a 92% success rate!

Alcohol has many flavored products including all the new flavored beers, wines and now there are flavored "nips" with a higher alcohol content that are on the counters of retail stores. Liquor, which the state sells comes in many flavors. Marijuana comes in many flavors, strengths, sizes, brownies, gummies, etc. S-18 does not ban any of these products.

Capital Candy pays the State of Vermont around \$6,000,000 in taxes on this proposed product ban. This does not include the 6% sales tax paid by the retailers or the taxes paid by the other distributors. It appears that figure would be about \$28,000,000. In addition retailers in Vermont have a distinct disadvantage when competing with those in NH because of the sales tax, huge difference in cigarette tax, tobacco tax differences and the bottle redemption law. This tax money will go to NH!!

Fifteen years ago Capital Candy did 45% of its business in Vermont and 30% in NH. Now the numbers are REVERSED. This bill will reduce Vermont sales by \$12,000,000 more. We will look to hire more NH PEOPLE.

Three weeks ago The Boston Harold wrote an article that addressed the flavor ban in Massachusetts. It said that this ban cost the state \$128,000,000 in taxes and that the NH border stores were doing millions and millions of dollars in new business. Also there was now a thriving

black market business doing much more than this. We know this to be true. The enforcement division has confiscated very large amounts of illegal product. The smoking rate in Mass was reduced by ½ a percent.

S-18 specifically excludes Flavored marijuana. WHY

IT IS NOT LOGICAL TO PASS A BILL THAT WILL NOT ACCOMPLISH IT'S OBJECTIVES, THAT IS TOTALLY UNFAIR, AND WILL COST THE STATE UPWARDS OF \$28,000,000. EDUCATION NOT LEGISLATION IS THE SOLUTION. George Burnes cell 802-224-6744 or email gburnes@capitalcandy.com

THANKS, George