

Background

The Beverage Den and Vape Shop has been a long-standing business in Bennington for over forty years. We offer a wide selection of craft brews, wines, vapor products, Vermont apparel and gifts, as well as tobacco products. We currently have 9 employees. We purchased this store 5 years ago. At that time the store was near ready to close its doors due to the emergence of several big box stores over the past several years. When we purchased the store, we identified that we could save the business and the employees by investing money, time and effort into creating the largest vape shop in the area. From the success of the vape shop, we have also realized an increased customer base that has resonated into other parts of the store. This has collectively generated the lift needed to maintain the employee count and keep us on a steady growth curve. The new proposed tax on e-cig and vape products will be economically harmful to our business. However, **the passage of H.26 will help mitigate the negative effects of this tax on Vermont businesses like ours, while also serving to reduce underage consumption of these products.**

- ***Retail Safeguards:*** Our store has multiple safeguard measures in place to ensure consumption of e-cig and vape products is limited to those of legal age. More specifically, we have a three-tiered system, including:
 - a. A designated area of the store with e-cig and vape products which requires identification proving you are 18 or older to enter;
 - b. Locked cases containing e-cig and vape products which must be unlocked by an employee; and
 - c. A second ID-check at the counter when checking-out to ensure the customer is 18 or older.

These retail safeguards are effective in preventing underage use. Our store is subject to standard compliance operations by the Department of Liquor and Lottery, which we routinely pass.

- ***Unregulated Internet Sales:*** Unfortunately, the safeguards that Vermont retailers can offer simply don't exist online. According to a recent study in The Journal of the American Medical Association (JAMA) Pediatrics, [underage teens were successful in buying e-cigarettes online in 94% of attempts](#). Clearly, the internet is an easier venue for underage Vermonters to acquire these products illegally. If we're going to tax these products in an effort to curb use, we cannot turn a blind eye to the fact that they can easily be purchased online.
- ***Parity with Tobacco:*** Part of the intent behind the passage of the proposed e-cig and vape tax is to establish parity in tax rates between tobacco products and e-cig/vape products. However, it is important to recognize that the online purchase of cigarettes is currently illegal under Vermont law. Therefore, passing the tax on its own will not

achieve true parity. Only by coupling the passage of the tax with an internet ban will we be truly treating tobacco products and e-cig/vape products on the same playing field.

- **Consumption Deferral:** Assuming the proposed new tax on e-cigarettes and vape products is passed, consumption of these products wouldn't necessarily decrease--but it surely would be "deferred" to both states with lower tax rates and the internet, where these products can be more cheaply acquired. In anticipation of this deferral of consumption to online sources, the state can more adequately guarantee a true "decrease" in consumption by prohibiting the online purchase of these products.
- **Economic Considerations:** I'm sure many of you have heard from business owners in Vermont who are concerned about the adverse impacts of the new proposed 92% tax. Our business shares those concerns. However, by passing H.26, you can take a significant step toward supporting and protecting our Vermont retailers, and mitigating the negative economic consequences of the proposed tax--all while continuing to curb underage consumption. This bill is a win-win situation. It's a win for Vermont brick and mortar retailers who would be placed on better economic footing, and it's a win for advocates and policymakers looking to decrease consumption of these products.

Given these facts, we respectfully ask that you pass H.26 favorably out of committee.