

To: Chair Monnes Anderson and Committee Members
Senate Committee on Business & Transportation

Date: April 13, 2015

RE: SB 663 -2 (opposed)

Chair Monnes Anderson and members of the committee,

My name is Ronald Sather and I am a voter from Senate District 8 (Albany). I am also an owner of a vape shop and board member of Northwest Vapor Association (NWVA).

I oppose SB 663-2 as written just as I opposed SB 417-6 from which it was derived.

NWVA, nor any stakeholder from the vaping industry was consulted in the creation of these Bills. The vape industry is a major stakeholder here and has had no say whatsoever in the formulating of this legislation. NWVA consists of Oregon shop owners and manufacturers that are the regional experts in the vaping industry. NWVA has insights from the industry standpoint that could help accomplish the goals and intent of this Bill. We could also be instrumental in foreseeing some of the unintended consequences this legislation is likely to produce. We are already working with the Department of Justice and the Department of Revenue on some of these same issues. Passing this Bill as written could derail some of these talks. Working together to revise this Bill could help avoid a patchwork of different agencies trying to accomplish parallel goals. NWVA is not against regulation of the vaping industry but we want reasonable regulation and fair representation.

With this Bill not becoming effective until 2017, we ask that you either set this Bill aside and invite us to the table, or take inhalant delivery systems out of the Bill and move forward on the tobacco portion. Just as we offered during the hearing before the Senate Committee on Business and Transportation when this was SB 417, NWVA would still embrace the opportunity to become part of that discussion. We can re-introduce a bill next year as a solid piece of legislation that represents good, sound public policy while still meeting the goals and intent of this Bill in a timely fashion.

I have also heard countless times this year throughout the course of these hearings that Oregon has the highest rate in the nation of tobacco sales to minors. Yet according to the Federal Drug Administration, who performed over 1000 stings in Oregon last year, we are ranked very well. In fact, Oregon is over 94% in compliance. Statistics also show that Oregon has one of the lowest teen smoking rates in the nation. These numbers suggest that the current system is not only

working, but working quite well considering Oregon only spends 25% of the total recommended by the CDC for tobacco awareness.

That being said, below are some of the concerns I have to the Bill as currently written.

Grandfather clause

- Does not apply to existing businesses
- Only valid if a new school opens near an existing shop
- Too easily revoked

Licensing fees

- What are the fees?
- Some shops are barely surviving as is—will this close their doors?
- Will this deter new business from our state?
- What is the fiscal impact to the state?

Not tobacco

- Never have been, never will be
- Most of this Bill is based on tobacco research
- We do not fit the tobacco model—the same rules will not work and will have unintended consequences
- We are impacting tobacco sales and use more than all other NRT products combined
- Oregon spends only 25% of CDC recommendation towards tobacco prevention/awareness
- Vape shops spread tobacco awareness daily

Events/fairs

- We are promoting a much safer alternative to tobacco. Eliminating access to local events and fairs will slow public awareness of the ills of tobacco.
- Oregon spends only 25% of CDC recommendation towards tobacco prevention/awareness
- Vape shops spread tobacco awareness daily
- Vape specific events would bring revenue to this state, likely in the millions

Sweepstakes, raffles, coupons, rewards

- Some of our customers are on a fixed income. Taking away our ability to offer discounts to these individuals could drive them back to deadly tobacco products.
- Sales and promotions are a large part of standard marketing practice in the US. I cannot think of a single retail store that does not utilize this strategy.
- In a market that is developing so rapidly items can become obsolete quickly. With no option to sell at a reduced price vendors would get stuck with large amounts of outdated and/or obsolete inventory.

Industry guidelines

- NWVA is already in discussion with DOJ

- Causes undue cost to legitimate business
- Does little to limit black market sales which are growing at an alarming rate

Vague language

- Too much of the language is overly broad allowing for misinterpretation of the intent

Multiple regulating agencies

- FDA will be releasing their guidelines, possibly in July
- Already in discussion with DOJ
- OHA/OLCC (additional unnecessary agencies will cause a higher than needed cost to regulate)

Sincerely,

Ronald Sather
2410 Marion Street SE
Albany, Oregon 97322