

Senate Committee on Assessment and Taxation

March 5, 2015

Testimony of Doug Mays
On behalf of
The Cigar Association of America
In Opposition to
Senate Bill 203

Chairman Donovan and members of the committee:

On behalf of the Cigar Association of America, thank you for allowing me to appear in opposition to Senate Bill 203.

At last count there are, I believe, four bills in the Kansas Legislature dealing with the regulation of tobacco products. This bill, House Bill 203, is different in one glaring way. Yes, it raises taxes or, as some like to say, fees. But it goes much deeper by redefining a product that has been manufactured and sold for decades—Little Cigars.

Much has been written and said about this product. There have been a substantial number of tests, surveys and scientific studies regarding Little Cigars that have proven that they and cigarettes have very little in common. Since our time today is limited I will attempt to hit some of the high points in that regard.

- The differences in the smoking characteristics between Little Cigars and cigarettes make them appeal to different consumers.
- Consumers are not likely to buy Little Cigars as cigarettes and there is no evidence that they are substituting Little Cigars for cigarettes.
- There are no studies documenting an increase in Little Cigars usage by youth.
- Federal law requires different labeling and packaging requirements for cigarettes and Little Cigars.
- At the federal level, Little Cigars have historically been taxed at a lower rate than cigarettes.
- There are only seven states that tax cigarettes and Little Cigars at the same rate.

To summarize, Little Cigars are fundamentally different from cigarettes. The two products are not interchangeable. They are separate and distinct both in terms of product composition and their market. This historical distinction has long been recognized by Congress and has been verified by the Federal Tobacco Tax and Trade Bureau (TTB). For over 100 years Congress has rejected the notion that Little Cigars and cigarettes are the same and has, accordingly, have chosen not to tax the different products at the same rate.

Mr. Chairman and members of the committee, I urge you to vote against SB203.