

## Vape away: e-cigs escape higher taxes

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New Jersey lawmakers backed off a proposal to increase taxes on electronic cigarettes by 75 percent, which would have brought their taxes in line with tobacco cigarettes and raised \$35 million for the cash-strapped state.

The decision brought cheers from the convenience store lobby, which sounded shocked to see how much power it has.

"I took on this fight back in February even though I didn't think we could win," Sal Risalvato, Executive Director of the New Jersey Gasoline, Convenience Store, and Automotive Association, said in a statement after the unexpected victory. "My members expressed the importance of the growing e-cigarette industry to their business, and were concerned that this excessive tax burden would kill a critical profit-center in their already struggling businesses."

His members are mostly the mom and pop convenience stores who have plenty of competition from Wawa and Quick Chek, which, judging by their expansion have locked onto a business model that is doing quite well.

One of NJGCA's members told me in April that without the luxury of expanding and adding, say, a sandwich-making station similar to Wawa, tobacco accounts for much of his stores' profits. Electronic cigarettes were growing fast, offering a new source of revenue.

The Christie Administration, trying to fill a gaping budget hole for fiscal 2014, put the brakes on it, saying the health risks of e-cigarettes weren't known and should be taxed like traditional cigarettes.

It obviously hadn't seen [this new commercial](#), featuring some bros who, sure, get into a few high jinks, but always have each other's back, capped off with an offer of some sweet e-cigs. The message: Nothing says friendship like electronic cigarettes.

Anyway, the tax died a quiet death, much to the relief of the convenience stores.

"Given the fact that e-cigarettes deliver nicotine without subjecting the smoker, or innocent bystanders, to the extremely dangerous effects of burning tobacco, lawmakers and legislative leaders should have been considering *tax breaks* on e-cigarettes, not outrageous new 75% tax burdens!" Risalvato said.

What do you think? Smart move? A lost opportunity?