My name is Tracy Musgrove, and I am appearing before this committee today as the owner of two retail vape stores located in Williamsburg, Virginia. I am appearing to testify regarding HTS No. 8543709930 and HTS No. 8543709940 and the impact the imposition of additional taxes via tariffs would have on the vapor industry.

First, please allow me to provide a breakdown of our typical customer base. Both stores reach a target age market of 30+ working professionals who are looking for an alternative to smoking combustible cigarettes. The demographic of Williamsburg is made up of a great deal of active duty military personnel as well as retired military, therefore our customer base most certainly includes numerous active duty military and veterans. Many other customers come in the store and want to vape instead of smoke cigarettes because they have children and want to peruse a healthier lifestyle because they are now parents. We also have a significant number of senior citizens who are vaping as an alternative to smoking cigarettes, often due to health issues associated with years of smoking, such as COPD, asthma, cancer, etc.. Most of our customers have been smoking for lots of years and have attempted to quit smoking numerous times, to no avail. They have found vaping to be a successful means of tobacco harm reduction in that they are no longer smoking deadly combustible cigarettes but now get their nicotine from a safer delivery method via vaping.

A bit about tobacco harm reduction. Harm reduction is not a new idea to the public health community. In fact, harm reduction has been regarded as effective in many aspects of public health, such as illicit drug use. Vaping as a means of tobacco harm reduction simply utilizes vaping as a far safer alternative nicotine delivery system than smoking combustible cigarettes. Eliminated is the combustion and all the by-products of combustion, such as tar and the 4,000-plus toxic chemicals present in a combustible cigarette. The user is exposed only to the vapor from the e-juice, which consists of food grade vegetable glycerin, food grade propylene glycol contained in food flavoring, and nicotine (and it should be noted the nicotine is optional – there is always a non-nicotine alternative for those that don't want the nicotine).

As you all know, consumers are very price sensitive. As much as our customers embrace vaping instead of smoking cigarettes, if the cost of vaping far outweighs the cost of smoking, many will be forced go back to smoking due to financial concerns. The imposition of additional taxes via tariffs would most certainly have the consequence of raising the cost of vaping equipment quite significantly. The reason the cost would rise is because all the hardware used in vaping is manufactured in China. In fact, the industry was created by a Chinese scientist. The e-juice utilized in the equipment is manufactured in the United States, but none of the equipment is manufactured in the United States. It would be the equipment prices that would be prohibitively driven up as a result of these tariffs.

Just a few weeks ago, our industry trade association had our annual meeting here in Washington, DC. Representatives from two Chinese equipment manufacturers, SMOK and Vaporesso, were present as new members of the association. Representatives from both companies indicated a willingness and desire to potentially open manufacturing facilities in the United States for the US market, thereby eliminating the concern regarding tariffs. However, due to the uncertainty associated with the industry in the United States due to the FDA's deeming regulations, they are not able to make the business decision to do so. If the FDA would finalize reasonable standards regarding the regulation of vaping in the United States, this barrier would be removed and manufacturing could potentially begin here in the states. As well, restrictions on new technology would also be removed allowing the manufacturers to

address various safety concerns with vaping equipment that manufacturers already have the solution to but are unable to implement in the US market due to the deeming regulations. It should be noted that these very same manufacturers are currently already selling improved products in other countries. By having vape equipment manufacturing in the states, not only would there be jobs created for American workers, but also quality control to American standards. This will only become a reality if there is certainty within the Unites States regarding vape industry regulations.

In closing, I would ask this committee to consider the possible consequences, perhaps unintended, these tariffs would have on the vape industry and vape consumers in the United States, as well as to consider the timely establishment of reasonable standards regarding US vape industry regulations. Thank you all for your time.