



### 2014 Mid-Atlantic Legislative Conference A Huge Success

The recent Mid-Atlantic Legislative Conference, which was held May 21st and 22nd at The Greenbrier Resort, was a huge success! The event included an in-depth panel discussion on Food and Drug Administration (FDA) regulation of cigarettes and tobacco as well as illicit trade issues and the outlook on OTP products, including e-cigarettes. Panel discussions were moderated by **Rob Sincavich** of Team Sledd and included **Dave Riser** of R. J. Reynolds Tobacco Co., **John Ostronic** of Commonwealth-Altadis, **Christopher Greer** of JT International, **Kevin Altman** of National Tobacco,

**Mark Triplett** of Swedish Match NA and **David Sylvia** of Altria Group Distribution.

The panelists provided an overview of current FDA tobacco regulation initiatives, stressing the "critical" importance of industry involvement with that agency as it continues to regulate these products. Panelists also stressed the importance of stakeholder input at the state and local level to ensure that industry concerns are addressed effectively as numerous legislative and regulatory initiatives aimed at tobacco products are considered nationwide. In fact, some on the panel noted that the current trend is toward more state and local activity with respect to anti-tobacco activities, including the most recent efforts to raise the consumer age limit in some states from 18 to 21.

Discussion also centered on the emerging new market of e-cigarettes and the issues surrounding those products, including recent taxation proposals. An entire segment of the panel discussion on OTP was devoted to the e-cigarette market, including initiatives on the federal and state level relating to marketing and consumer age restrictions and manufacturing regulation.

There was also a great presentation, The Future of Electronic Nicotine Devices and Other Tobacco Products, by **David Bishop** of Balvor LLC.



# From the Director

It's hard to believe that we are almost at the end of June and it is officially summer! After the hard winter we had, I know we won't complain much about the heat!

As you know, the Mid-Atlantic Legislative Conference was recently held at The Greenbrier. It was a fantastic event! As always, Mid-Atlantic Legislative Conference Chairman **Rob Sincavich** did a wonderful job putting this event together! We would like to thank our generous sponsors and everyone who was able to attend. Your support and participation helped make this event a success! Please enjoy the recap on the cover and pages 10 & 11.

We are working on a date for next year and will get that out to you soon.

We will be announcing our scholarship winners soon, so stay tuned!

Have a wonderful summer!

*Jan*

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## Election Update

The Primary Election is now behind us and the General is set for November 11th. Unlike many years in the past when election activities were nearly invisible during the summer, this year will be very different. In West Virginia there are many races that will not gear down one iota. Among those will be the U.S. Senate race between Congresswoman Shelley Moore Capito and Secretary of State Natalie Tenant, U.S. House of Representatives District 1, which is Congressman David McKinley vs State Auditor Glen Gainer, U.S. House of Representatives District 2 will be quite a race for the open seat between former democratic chairman Nick Casey and former Maryland Senator Alex Mooney and completing the federal docket with Congressman Nick Rahall in a fight for his seat with State Senator Evan Jenkins. Democrats running for federal offices in West Virginia this year already know they have a tough row to hoe. The State's continued red tilt, better GOP candidates, and the twin yokes of President Obama and Obamacare are making it difficult for U.S. Senate and Congressional candidates to advance. Obama's job approval is a perilous 40 percent, and nearly half say they favor outright repeal of the Affordable Care Act.

At the State level, there are 17 Senate seats up and only one is uncontested—the seat held by Mike Hall in Putnam County. All 100 House of Delegate seats are up. In the Primary, the business community suffered the loss of Senator Sam Cann in the 12th District. Several races are predicted to be very contentious. The Senate is likely to pick up a few Republican seats this Fall. We do have an insurance executive running in the 8th District, Ed Gaunch, who is sure to run a very vigorous campaign. Speaking from experience, it is wonderful to have an industry representative at the Capitol who understands our issues and challenges.

In the House of Delegates, six incumbents were defeated in the primary election in West Virginia, while a few others are still in the recounts process. Longtime delegates Mark Hunt (D-Kanawha) and Ron Fragale (D-Harrison) were defeated in crowded district races. Hunt finished fourth in the three-delegate 36th District, while Fragale placed fifth in the Harrison County delegate race where four won nominations into the November general election. Also defeated was Wayne County Del. Tim Kinsey, appointed last year by Gov. Earl Ray Tomblin to replace Former House Speaker Rick Thompson, who took a position in the Tomblin Administration. Two-term Del. Larry Kump (R-Berkeley) lost his re-election bid to 17-year-old Hedgesville High School Senior Saira Blair, daughter of Berkeley County Sen. Craig Blair. In the 24th Delegate District, Logan County's Ted Tomblin was voted out, as well as Josh Barker in the 22nd. When the Democrat and Republican winners face off Nov. 4, control of the House will be at stake. The Democrats currently hold only a six-seat margin, 53-47.

Don't forget about the PAC challenge of \$500. Keep in mind that this must be a personal check. Thanks to **Rob Sincavich**, **Randy Emanuelson** and **David Ramella** for their contributions.

## At the Capitol

### **Special Session Concludes, Budget Cuts Restored and Minimum Wage Fix Passes**

Lawmakers finished a three day extraordinary session, the 2nd of 2014, on May 22nd. Lawmakers approved a total of six measures during the brief session.

Included in one measure, Senate Bill 2003, was an amendment to restore funds to several child advocacy and domestic violence prevention programs. The funding for these programs would come from a one-time reduction of \$1.06 million of the Racetrack Purse Fund. The bill further supplements and amends Title II Appropriations from the State Excess Lottery Revenue Fund to various programs.

Lawmakers also approved and pass House Bill 201, which relates to the application of minimum wage and maximum hour standards. The bill passed without changes and the federal exemptions were be restored for the overtime and maximum hours sections of the code. Employers will now also continue following the federal guidelines for minimum wage rates until January 1, 2015 before phasing over to the state guidelines. HB 201 does not make any changes to the scheduled increases in the minimum wage but OMEGA believes the changes brought by passage of this bill address the main concerns of many employers in West Virginia. We are happy to see this bill pass without amendments and believe it will help ease the financial strain many businesses will face with the raise of minimum wage.

Other bills passed included: House Bill 202, which will delay the effective date of the affirmative defense to an action to enforce a mechanic's lien; House Bill 203, relating to do boat dock and marina safety; Senate Bill 2004, which authorizes a transfer of money to the Courtesy Patrol Fund according to the expenditure schedule set by Budget Office; and, Senate Bill 2006, which extends the time for the Richwood, WV Common Council to meet as levying body.

In a statement the Governor said the following about the session, "I appreciate the Legislature's hard work during this special session to address a number of challenges facing our state," Gov. Tomblin said. "I am especially grateful for the commitment of President Kessler, Speaker Miley, business and labor in coming together to tackle the unintended consequences of the minimum wage bill to help more than 100,000 hardworking West Virginians earn a fair wage.

"The supplemental appropriations legislators approved today are from excess lottery funds, not general revenue, and I am pleased that they did not rely on the Rainy Day Fund. This allows the state to continue on a fiscally responsible path while still making investments in our communities."

## Legislative Interims

The following interim dates have been set:

**June 15 – 18**  
**September 8 – 10**  
**October 20 -22**  
**November 17 – 19**  
**December 15 – 17**  
**Jan 11 – 13, 2015**

## Current Interim Studies

The following study topics have been announced which impact our members:

### **Joint Standing Committee on the Judiciary**

- ♦ Review of impact of WV Unfair Trade Practices Act minimum markup provisions on retail prices of motor fuels and other consumer items.

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**OMEGA Chairman Greg Rogers** has established the Unfair Trade Practices Act Task Force and has requested that **Mike Graney** be the Chair. Members of the committee are made up of past chairmen **Sandra Morgenstern, Greg Darby** and **Jim Oppe**. Ex officio members, in addition to our chairman, who is ex officio on all committees, will be **Pat Graney** and **Brian Waugh**. The first meeting of the committee was held on June 10th. We have begun gathering data and strategizing regarding the importance of this issue to our industries. We are energized and organized and ready to work on this issue to the benefit of our members. We already have a very productive grassroots effort underway. **The WVWA Board agreed to fully support and engage in the effort to protect this law.**

#### **Joint Commission on Economic Development**

- ♦ SCR81 - Requesting Joint Committee on Government and Finance study craft beer business

Other General business Issues:

#### **Joint Standing Committee on the Judiciary**

- ♦ A study of potential effectiveness and feasibility of (1) increasing current election campaign finance disclosure requirements; (2) regulating expenditures for political purposes by organizations engaging in issue advocacy; and (3) reorganizing current election law, generally.

#### **Joint Standing Committee on Government Organization**

- ♦ HCR119 - Requesting the Joint Committee on Government and Finance to study the authorization of cities and municipalities to provide a private-public financing option for small businesses and commercial property owners in West Virginia

Additional studies may be added by the President and the Speaker at a later date. To see all studies, visit <http://www.legis.state.wv.us/Joint/2014/interim/studies.cfm>.

## **State Still in Budget Hole With One Month to Go in Fiscal Year**

The state of West Virginia entered the last month of the fiscal year \$57 million short of where it thought it would be in tax collections.

Gov. Earl Ray Tomblin ordered mid-year budget cuts and the state legislature agreed to \$70 million in one-time funding to help balance the spending plan.

State Deputy Revenue Secretary Mark Muchow said the state's economy has taken the biggest hit in the export markets. At the end of 2012 the exports, lead mostly by metallurgical coal, topped \$7.5 billion now it's down to \$4.5 billion.

"We've lost about three billion dollars and that decrease in coal activity stems throughout the economy and that effects other collection areas like sales tax and income tax," Muchow said.

Personal income tax collections were down \$7 million for May and Muchow said sale tax collections haven't jumped like they thought it would.

The WV fiscal year ends on June 30th.

## **Changes in State Government Personnel**

**Robby Queen** is now serving as the Director of Government Affairs for the Governor's Office, effective June 6. A Logan High School graduate and Promise Scholar at West Virginia University, Queen worked for Gov. Tomblin while Tomblin served as Senate President, first as a legislative intern and later as a per-diem employee. He worked as a special assistant to then-Gov. Joe Manchin III and most recently served as a District Representative for Congressman Nick J. Rahall II. In his new role, Queen will work with regional representatives and assist with constituent issues.



Gov. Earl Ray Tomblin's Public Policy **Director Hallie Mason** has resigned. "Without question, Hallie's incredibly vast skill set made her an integral part of my administration and while I'm sad to see her leave, I'm extremely grateful for her tireless dedication to West Virginia," said Gov. Tomblin. Mason, a native of Erie County, Pennsylvania, has served as a member of Gov. Tomblin's senior staff since his first day of office in November 2010. Mason completed her undergraduate degree in Political Science at WVU and received her Masters' Degree in Public Administration from the University of North Carolina at Chapel Hill.

**Amy Shuler Goodwin** has left her position as the Governor's Director of Communication and will take the place of Betty Carver as Carver retires from her position as WV Deputy Secretary of Commerce and Commissioner of Tourism. Goodwin first served in the governor's office as then Gov. Bob Wise's chief spokesperson. During her 19-year career, Goodwin has served as the state director for a presidential campaign and has led communications for Charleston throughout her career.

**Chris Stadelman** is now serving as Director of Communications for the Governor's Office, effective May 16, 2014. Stadelman has more than 20 years of communications experience. He worked at the Charleston Daily Mail for 10 years in various positions. He and his wife, Kelly, operated The Parsons Advocate, a weekly newspaper in Tucker County, for seven years. Stadelman served as communications director for Gov. Tomblin's 2011 and 2012 campaigns. Most recently, he operated Stadelman Consulting, a public relations and research company, and worked as director of outreach for the West Virginia Press Association.

## New Business Index Forecasts Steady, Stable Growth in West Virginia's Economy

West Virginia's economy is expected to continue to grow at a stable rate through much of 2014. That's according to the first Mountain State Business Index (MSBI) from West Virginia University's Bureau of Business and Economic Research.

"We can expect steady, stable growth over the coming months and, if what we see in May continues, we may see even an acceleration later in the summer, early in the fall," said Dr. John Deskins, director of WVU's Bureau of Business and Economic Research.

The MSBI — a predictor of future economic activity — increased 0.5 percent in May compared with April. WVU researchers said that was the largest month-to-month gain recorded since late 2006. Compared with the same time last year, the Index is up a total of 1.4 percent.

The Index weighs seven factors: building permits, unemployment insurance claims, the value of the U.S. dollar, stock prices related to West Virginia employers, interest rates, coal production and natural gas production. "For this month, the biggest driver of the growth is unemployment insurance claims. They're way down in the state. Overall, over the past year, unemployment insurance claims are down by about 20 percent and that's a good thing. That bodes well for the state," Deskins said.

The Bureau of Business and Economic Research is part of WVU's College of Business and Economics.

## Federal Update

### FDA Shares Vision for the Future of Tobacco Regulations

On June 11th, Mitch Zeller, director of the Center for Tobacco Products (CTP) at the U.S. Food and

Drug Administration (FDA), outlined CTP's vision for the regulation of tobacco products in the United States. While Zeller's remarks did not contain any significant new information, they did shed some light on his thinking regarding e-cigarettes.

Specifically, Zeller acknowledged that CTP does not yet know the extent to which e-cigarettes are harmful, and thus the agency needs to get a better handle of the product's toxicity and its actual impact on public health. He added that he does not yet know if e-cigarettes are more likely to help current smokers transition away from tobacco use, or if they are more likely to encourage non-smokers to begin using tobacco.

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The FDA and the CTP are responsible for implementing the Family Smoking Prevention and Tobacco Control Act, which was enacted in June 2009. The law gives the FDA broad authority to regulate the retail sale of tobacco products, as well as the manufacture and marketing of such products. The law initially granted FDA jurisdiction over cigarettes, roll-your-own tobacco and smokeless tobacco products; in April 2014, the FDA proposed extending its authority to cover additional products such as e-cigarettes, cigars and hookah tobacco.

In his remarks, Zeller noted that up to this point, much of his time has been devoted to issues concerning the April 2014 proposed rule and potential future regulations governing menthol cigarettes, as well as implementing restrictions on the retail sale of tobacco products (such as minimum age requirements). Moving forward, Zeller said the Center will continue developing foundational rules and guidance for these matters, while also building CTP to achieve programmatic goals, including improving its external communications and human resources, IT acquisitions and policy analysis efforts.

From a policy perspective, Zeller views CTP's ability to develop product standards as one of its most powerful tools, and CTP plans on using this authority in the future. Zeller wants to advance a product strategy that will "yield strong standards to improve public health and that can withstand legal challenge," he said, adding that CTP is exploring potential standards for addictiveness, toxicity and appeal. Regarding nicotine, CTP is working on an integrated, FDA-wide policy on nicotine-containing products that is public-health based. "The reality [is] that people smoke for the nicotine but die from the tar," Zeller said.

## **FDA Report Shows Significant Retail Compliance**

*Published in Tobacco E-News*

*By Thomas A. Briant, Executive Director*

The U.S. Food and Drug Administration's (FDA) Center for Tobacco Products (CTP) has issued a "Compliance and Enforcement Report" covering the period from June 2009 through September 2013. The report details The FDA retail compliance inspections over the past four years and shows a very high success rate of retailers not selling tobacco products to underage youth.

On pages 13 and 16 of the Compliance and Enforcement Report, the FDA provides data about the agency's retail compliance inspection program results. Since the inception of the agency's retail compliance check program, there have been 221,774 compliance inspections on retailers that sell tobacco products.

As a result of these 221,774 inspections, there have been only 9,786 instances of retailers selling tobacco products to a minor. This translates into a 95.6% success rate in retailers not selling tobacco products to underage youth. Moreover, only 6,533 instances occurred where a retailer failed to verify the age of a person purchasing tobacco products by means of photographic identification, which is a 97.1% success rate.

Often, when NATO responds to a proposed local tobacco ordinance, the FDA compliance check database maintained by the agency at [www.fda.gov](http://www.fda.gov) is reviewed to determine the compliance rate of retailers in the city or town that is proposing the adoption of tobacco regulations. Many times, the retailers in the city or town have a very high or even 100% passing rate and NATO informs the local government officials of this fact to demonstrate that retailers are complying with the law and that additional restrictions are not necessary since retailers are doing their job to keep tobacco products out of the hands of minors.

The FDA's report also lists the states that are under contract with the agency to conduct retail compliance inspections. Since the compliance inspections began in fiscal year 2010, the FDA has awarded retail compliance check contracts totaling more than \$91 million dollars. The states under contract and the amount received per state are shown on page 26 of the Compliance and Enforcement Report.

## **NATO Requests 75 Day Extension to Submit Comments on Deeming Regulations**

NATO has submitted a letter to the U.S. Food and Drug Administration's Center for Tobacco Products requesting that the agency grant an extension of 75 days for public comments to be submitted regarding the recently proposed deeming regulations. Currently, the public comment period allowed by the FDA is scheduled to end on July 9, 2014. An additional 75-day extension would allow the public to submit comments through September 22, 2014.

In its letter, NATO explains that there are several reasons why an additional 75 days is needed to submit public comments. First, the scope of the proposed deeming regulations is broad since six additional tobacco product categories including cigars, pipe tobacco, electronic cigarettes, nicotine gels, hookah tobacco, and dissolvables would now be subject to FDA regulation. Second, some of the proposed regulations that are intended by the FDA to apply to manufacturers may also apply to tobacco retailers. NATO needs additional time to evaluate which proposed regulations on cigars, pipe tobacco and/or electronic cigarettes might be applicable to retailers and how retailers would be impacted if such regulations would apply to their operations. Finally, with NATO retail membership now exceeding 30,000 stores, NATO will need to fully educate its members about the deeming regulations so that they can submit their own individual comments to the FDA.

## **FDA Launches New Site to Provide Easy Access to Public Data**

Though not tobacco-specific, the U.S. Food and Drug Administration (FDA) has announced the launch of a new website called openFDA ([open.fda.gov](http://open.fda.gov)). "The openFDA initiative leverages new technologies and methods to unlock the tremendous public data and resources available from the FDA in a user-friendly way," said Walter S. Harris, the FDA's chief operating officer and acting chief information officer. The FDA will continually work to identify additional public datasets to make available through openFDA. More information can be found at [open.fda.gov](http://open.fda.gov) or email the FDA for more information at [open@fda.hhs.gov](mailto:open@fda.hhs.gov).

## **Senator Durbin Calls for Higher Cigarette Tax**

U.S. Senator Dick Durbin (D-IL) supports a federal cigarette excise tax increase — currently \$1.01 per pack — to help pay for "basic medical research," reports WUIS.org.

The news source writes that Durbin stated his case during a speech on Monday before a group of doctors and scientists at the Southern Illinois University School of Medicine, noting that federal investment in basic medical research "has lagged far behind inflation." Also, in the past 10 years the number of grant proposals that have been federally funded has dropped from 30% to 15%.

Durbin added that medical research funding should be "fundamental to Americans and their politicians," according to the news source, and that a funding increase of \$150 billion over the next decade would be paid for in part by a 95-cents-per-pack increase in the federal cigarette excise tax, which would bring the total per-pack tax to almost \$2.

## **Miscellaneous**

### **Reynolds Launches Website to Raise Black Market Awareness**

Reynolds has created a new website designed to draw attention to cigarette smuggling and to encourage states to pass stiffer penalties for smuggling and devote more resources to enforcement. The website, [www.thenewtobaccoroad.com](http://www.thenewtobaccoroad.com), shows how I-95 has become a key transit route for cigarette smuggling from southern states to the Northeast. The illegal profits that are being derived from these operations benefit an organized-crime infrastructure already experienced in transporting illegal drugs and other contraband, and fostering violent crime up and down the I-95 corridor. "Cigarette smuggling is becoming the new currency of organized gangs," said Richard Marianos, a retired 27-year veteran of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) who has investigated many tobacco smuggling cases.

## **Medical Specialists Around The World Appeal To WHO To Make Tobacco Harm Reduction A Higher Priority Through Noncombustible Nicotine Delivery (Including E-Cig/Vapor Products)**

At the end of May, over 50 leading scientists from 15 countries signed a letter to the World Health Organization (WHO) to ask the WHO Director-General Dr. Margaret Chan to reconsider the WHO's intention to classify e-cigarettes essentially the same as regular cigarettes. The scientists warned that that WHO risks missing an opportunity to drastically reduce smoking and the illness and death associated with it if e-cigarettes and other vapor products are classified as tobacco products. The scientists included 10 "principles" that should "underpin the public health approach to tobacco harm reduction" including:

- Tobacco harm reduction is part of the solution, not part of the problem; and
- Targets and indicators for reduction of tobacco consumption should be aligned with the ultimate goal of reducing disease and premature death, not nicotine use per se, and therefore focus primarily on reducing smoking.

We are very encouraged that there appears to be a broad belief among health professionals and scientists around the world in the benefits of e-cigs/vapor and the vast public health opportunity such products present. We believe this is a positive and important development for the industry and it helps validate/ justify the meaningful capital that is being spent to develop and market e-cig/vapor products globally.

## **House Passes Pair of Tax Break Bills**

The U.S. House of Representatives on June 12 passed a pair of bills that would make two tax breaks for small businesses permanent, including the expiring section 179 expensing provision.

The House voted 272-144 in favor of H.R. 4457, "America's Small Business Tax Relief Act of 2014," which would permanently extend Section 179 expensing of up to \$500,000.

The House also passed a second bill, 263-155, to ease the tax burden on firms that convert from taxable corporate status to small-business status. H.R. 4453, the "S Corporation Permanent Tax Relief Act of 2014," makes permanent the shortening of the built-in gains tax-holding period for S corporations from 10 years to five years. It also makes it easier for small businesses to deduct charitable contributions.

NATSO on June 9 joined more than 150 associations representing small business owners from every industry sector in expressing support for America's Small Business Tax Relief Act of 2014.

Since 2003, Congress has steadily increased the amount of investment that small businesses can expense from \$25,000 to \$500,000. However, these expensing limits were temporary, and in 2014 they reverted to \$25,000. For small business owners, these ad-hoc changes created uncertainty that prevented long-term planning.

Introduced by Congressman Pat Tiberi (R-Ohio) and Ron Kind (D-Wisc.), H.R. 4457 would allow small business owners to maximize investment in their companies during years when they have positive cash-flow and provide an incentive for small business owners to reinvest in their business. This is particularly important for small businesses, which are more sensitive than larger firms to problems related to cash flow and more reliant on earnings to finance new investment.

Despite the House vote, the bills still await action in the Senate. The Obama Administration has said that it opposes making both tax provisions permanent.



## **Senators Push to Ban E-Cigs on Airplanes**

Seven democratic senators said it is time to ban electronic cigarettes on airplanes in a new letter to the Transportation Department chastising the Obama administration for failing to act. The signatories on the letter to Secretary of Transportation Anthony Foxx point to a proposed rule banning electronic cigarettes that's been pending since 2011. "This rule, when finalized, will ban the smoking of electronic cigarettes on both domestic and foreign air carriers to and from the United States," the senators wrote. Democrats Barbara Boxer of CA, Richard J. Durbin of IL, Tom Harkin of IA, Richard Blumenthal of CT, Sherrod Brown of OH, Jack Reed of RI and Edward J. Markey of MA signed on to the latest in a series of letters from democratic senators about the e-cigs.

## **Study: Electronic Cigarettes More Effective Than NRTs**

A five-year University College London study has found that electronic cigarettes are significantly more effective cessation devices than traditional nicotine replacement therapies (NRTs) such as patches and gum. While not a clinical trial in which participants would have been randomly assigned to use either e-cigarettes or traditional NRTs, the study adjusted for the social class, age, level of nicotine dependence and length of time that the approximately 6,000 participants had been attempting to quit.

## **Traditional E-Cigarettes May Lose Steam to Vaporizers**

Electronic cigarette sales at U.S. convenience stores have fallen for the first time, underlining a shift toward larger devices that are cheaper and allow more customization. The dollar value of sales at shops measured by Nielsen fell 10.4% in the four weeks to May 10, as a 13.9% drop in net pricing outweighed 4.1% volume growth. Bonnie Herzog, analyst at Wells Fargo, said the sales decline reflected not just a lower price per cartridge, but a turn among consumers to vaporizers that can be filled with a variety of "e-liquids", which tend to be sold online or at tobacco or vapor shops and are not captured in Nielsen's data.

## **Smokeless Tobacco Growing at Twice the Rate of Cigarettes' Decline**

*Published in CSP Daily News*

Cigarette-category volumes in convenience stores were down 2.8% during the four-week period ended April 12, according to a research report from Bank of America Merrill Lynch. This sales decrease follows a 2.2% drop in the prior four-week period and laps 4.0% decline in April 2013.

Citing Nielsen, total U.S.-convenience data, the analysts reported that in the most recent period:

- Philip Morris USA's c-store cigarette volume declined 2.8 %.
- R.J. Reynolds Tobacco's volume fell 2.8%.
- Lorillard's volume decreased 0.9%.

Volume share for Philip Morris and RJR held steady at 53.5% and 26.9% respectively; Lorillard share rose 0.2% to 13.0%.

Cigarette-per-pack prices were up 1% in April. Average prices for the category, Philip Morris \$6.14, RJR \$6.26 and Lorillard \$6.44 per pack.

Meanwhile, smokeless-tobacco volumes (including moist smokeless tobacco or "MST," chew and all other smokeless tobacco products) increased +6.4% in April, below year-to-date trends of 7.3% growth and lapping a 5.7% increase a year ago.

"In MST only, we estimate that Philip Morris/U.S. Tobacco's volumes rose +2.2% in the latest four-week period, slowing from the prior four weeks' rise of 3% and lapping a 6.6% gain a year ago," the analysts wrote.

## Other State News

### Poll Shows Ohioans Favorable to Higher Tobacco Tax

Earlier this year, Ohio Gov. John Kasich announced his budget, which included a 60-cent-per-pack hike in the state's cigarette tax. Now a new poll shows that residents would support an even higher increase, the Columbus Dispatch reports.

The poll by Fallon Research revealed that 60% of respondents would be okay with a \$1 per pack tax hike — which would raise the cost of a pack of cigarettes by \$2.25. Sixty-seven percent would approve taxing all tobacco products, including chewing tobacco and e-cigarettes, at the same rate as cigarettes. "It's an extremely popular policy," said Paul Fallon of Fallon Research.

Kasich proposed a tax increase from 17% to 49% of the wholesale price on other tobacco products, adding e-cigarettes to the mix for the first time. He juxtaposed the tobacco tax hike with a reduction of 8.5% in the income tax.

Convenience stores, tobacco firms and wholesalers are against any increase in tobacco taxes, saying customers would simply drive to nearby Kentucky or West Virginia, which both have lower tobacco taxes. Also of concern is the potential for a bigger black market for cigarettes. But the likelihood of the Ohio legislature considering any increase is mixed. Rep. Jeff McClain, who chairs the state's House Ways and Means Committee, said support isn't strong. "With cigarette tax, some folks are willing to increase it and some are dead set against it."

### N.C. Passes Electronic Cigarette Tax

By next year, Minnesota will no longer be the only state to tax electronic cigarettes. Early in June North Carolina Governor Pat McCrory signed into law a bill that, among other things, will levy a modest tax on e-cigarettes and vapor products starting in 2015. The tax on five cents per milliliter of e-liquid tax received bipartisan approval in both the state Senate and House.

## Mid-Atlantic Legislative Conference

*We would like to thank the sponsors who graciously sponsored the Mid-Atlantic Legislative Conference at The Greenbrier:*

#### Diamond

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Following are some photos from the Mid-Atlantic Conference. We hope you enjoy the photo recap of this wonderful event.



Bill Dun of Swisher International, Cathy Emanuelson, Debbie Dunn and Randy Emanuelson of Team Sledd



Vicki Howell & Charlie Casper of Hardec's, WVWA Executive Director Jan Vineyard, Dave Riser of R. J. Reynolds Tobacco Co. and Traci Nelson of OMEGA



Bill Munday of VP Distributors, Stu Newbrough and Dan Peroni of Commonwealth-Altadis and Jay DeSantis of Team Sledd



B. G. and Bill Beitler of W. J. Beitler Co. and Gerald Kupris of PA Distributors Association



Jeremy Goddard, Dianne, Rob and Evan Sincavich of Team Sledd



Eric and Sharon Fitzner of Intra-State Insurance Corporation and Regan and Chet Bartley of Smoker Friendly



# Member News

## WVWA President Randy Emanuelson and RJR's Steve Kottak Receive 2014 Southern Liberty Award

On June 3rd, WVWA President Randy Emanuelson and Steve Kottak of R. J. Reynolds Tobacco Company received the Southern Liberty Award at the Southern Showcase, which was held June 3 - 6 in Savannah, GA.

Randy and Steve received this award for their efforts to improve the welfare of the industry through his involvement in the legislative arena.

Congratulations to you both!



## Membership Directory

We will soon be working on a membership directory for 2015. We will send each member a copy of the information we have for your company. Please take the time to make any necessary changes and get them to us.

Also, we will once again be asking members to advertise in this publication. This is a great way to keep your company's name in front of the membership throughout the year!

### West Virginia Wholesalers Association



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