

**Testimony re: Revenue Regulations  
Joint Committee on Administrative Rules and Regulations  
Presented by Ronald R. Hein  
on behalf of  
RAI Services Company  
January 3, 2017**

Madam Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for RAI Services Company.

RAI Services Company, is a subsidiary of Reynolds American, Inc. (RAI), which is the ultimate parent company of R.J. Reynolds Tobacco Company, Santa Fe Natural Tobacco Company, Inc., American Snuff Company, LLC, Niconovum USA, Inc., Niconovum AB, and R.J. Reynolds Vapor Company.

RAI Services Company supported enactment of an excise tax on consumable material for electronic cigarettes in 2015. The regulations proposed by the Kansas Department of Revenue being reviewed by this committee today provide for the implementation of that tax.

We strongly support these regulations, and feel that the tax imposed by the statute and implemented pursuant to these regulations is imposed fairly upon all distributors and retailers of consumable material for electronic cigarettes. Although vapor shops may sell consumable material in bulk, the assessment of the tax on the volume of the consumable material ensures that the tax is fairly assessed.

We would request the opportunity to respond to any statements made in opposition to these regulations.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

Joint Cmte on Administrative Rules  
and Regulations  
Date 1-03-2017  
Attachment 2