



## O.K. Distributing Co., Inc.

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Taxation Committee

Mr. Chairman and members of the committee, my name is Kelly Kaiser; I am from Williston and owner of O.K. Distributing. We are a cigarette wholesaler that services Northwest North Dakota for over 50 years. I employ 26 people in Williston and am the 3<sup>rd</sup> generation owner of this company.

I am not in favor of stamping cigarettes in North Dakota for many reasons. Here are just few of them:

- Cost of the stamping equipment is over \$100,000 and that does not include the maintenance contract, installation or training. I would have to hire at least one additional employee to oversee and stamp the cigarettes at a minimum cost of \$30,000/year.
- If there is some type of "72 hour stamping provision". It would require me to stock 3 different inventories. (North Dakota, Montana, and Tribal) Those extra inventories would cost us over \$100,000.
- The physical space required for the equipment and extra inventories would cause great difficulties because of size of our building.
- Any cartons damaged during the stamping process are not returnable and we would have to absorb the loss.
- How would sales to tribal accounts be handled? As I understand it, if North Dakota requires stamping and we sold cigarettes on the reservation they would have to have some type of stamp affixed. Out of state wholesalers could sell unstamped product into the reservations because of the ICC laws.

Stamping cigarettes in North Dakota will create more problems than it will solve. The financial investment even a small wholesaler like me will have to make is staggering when comparing it to the return.

Today, with no stamping in North Dakota, wholesalers can be audited and verified with no more effort than a state that has stamping.

In closing, I believe that any problems we have with the distribution of cigarettes in North Dakota, that we collect the state excise tax, will not be fixed by putting a stamp on a pack of cigarettes. Thank you very much for your time.