



**American Cancer Society
Cancer Action Network**

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Dear Senate Finance Committee,

The American Cancer Society Cancer Action Network supports taxing electronic cigarettes at the same rate as cigarettes and other tobacco products. **We urge the committee to amend H.922 to tax e-cigarettes at 92 percent of wholesale and to direct this revenue to support evidence based tobacco prevention programs.**

Nationwide, and in Vermont, e-cigarette use among middle and high school students has now surpassed cigarette use. According to the 2015 Vermont Department of Health Youth Risk Behavior Survey, 15% of high school students used e-cigarettes compared to 11% cigarette use.

Furthermore, a 2016 U.S. Surgeon General's report concluded "e-cigarette use is strongly associated with the use of other tobacco products among youth and young adults, particularly combustible tobacco products."¹ ACS CAN is concerned that e-cigarette use is creating a new generation of Vermonters who will suffer from a deadly, lifelong addiction to nicotine and tobacco products.

Fortunately, current public policy and research shows us the path toward breaking the cycle of nicotine and tobacco addiction, while discouraging youth from ever starting smoking. This includes significant tax increases on all tobacco products and fully funding evidence-based tobacco prevention and cessation programs.

¹ U.S. Department of Health and Human Services. E-Cigarette Use Among Youth and Young Adults. A Report of the Surgeon General. Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2016.

Research shows that nationally, a 10% cigarette price increase, if maintained against inflation, reduces youth smoking rates by at least 6.5%^{2 3 4 5}. When tax increases are small, such as proposed in H.922, tobacco companies can adjust their prices or offer coupons and discounts to reduce the impact. In 2015, tobacco companies spent 88% of their cigarette marketing budgets, or nearly \$7.3 billion, on coupons and promotions, that reduced the prices consumers paid for cigarettes.⁶

By increasing the tax on all tobacco products, including e-cigarettes, to an equivalent rate, Vermont can help reduce tax evasion, generate more new revenue, prevent initiation of these products and ensure that more tobacco users quit instead of switching to a cheaper product.

Finally, ACS CAN is urging the committee to dedicate all e-cigarette tax revenue generated from H.922, to supporting the state's tobacco control program. According to the Campaign for Tobacco Free Kids, the tobacco industry spends \$16.8 million annually on marketing.⁷ In comparison, Vermont only spends \$923,000 on tobacco prevention and cessation media campaigns. The Vermont Department of Health reports a 33% increase in quit line call volume when these media campaigns are running. Evidence-based strategies, such as these media campaigns, help reduce the burden of nicotine and tobacco addiction. They also help reduce the prevalence of youth initiation.

ACS CAN urges the Senate Finance Committee to amend H.922 to increase the proposed tax on e-cigarettes to 92% of wholesale and direct the revenue to further support the Vermont Tobacco Control Program.

Sincerely,

Jennifer Costa

Vermont Government Relations Director, ACS CAN

² Chaloupka, FJ, "Macro-Social Influences: The Effects of Prices and Tobacco Control Policies on the Demand for Tobacco Products," *Nicotine & Tobacco Research*, 1999, and other price studies at <http://www.ihrp.uic.edu/researcher/frank-j-chaloupka-phd> and <https://tobacconomics.org/>

³ Tauras, J, et al., "Effects of Price and Access Laws on Teenage Smoking Initiation: A National Longitudinal Analysis," *Bridging the Gap Research, ImpacTeen*, April 24, 2001.

⁴ Chaloupka, FJ & Pacula, R, "The Impact of Price on Youth Tobacco Use," Chapter 12 in National Cancer Institute, *Smoking and Tobacco Control Monograph 14, Changing Adolescent Smoking Prevalence*, November 2001; International Agency for Research on Cancer (IARC), *Effectiveness of Tax and Price Policies for Tobacco Control*, IARC Handbooks of Cancer Prevention in Tobacco Control, Volume 14, 2011.

⁵ Community Preventive Services Task Force, "Tobacco Use and Secondhand Smoke Exposure: Interventions to Increase the Unit Price for Tobacco Products," November 2012, <https://www.thecommunityguide.org/findings/tobacco-use-and-secondhand-smoke-exposure-interventions-increase-unit-price-tobacco#tab-wttff>

⁶ U.S. Government Accountability Office. *Large Disparities in Rates for Smoking Products Trigger Significant Market Shifts to Avoid Higher Taxes*, GAO-12-475, April 18, 2012, <http://www.gao.gov/products/GAO-12-475>.

⁷ Campaign for Tobacco Free Kids, <https://www.tobaccofreekids.org/problem/toll-us/vermont>