

Subject: Opposition to Proposed 92%/100% Wholesale Excise Tax on “Tobacco Substitutes”

Members of the Senate Committee on Economic Development, Housing and General Affairs,

My name is Jeff Willett, and I serve as Director of the *Project to End Smoking* at the Progressive Policy Institute. My work focuses on advancing pragmatic, science-based policies that move the United States toward the end of combustible cigarette use while protecting youth. I appreciate the opportunity to submit written testimony regarding S.0198.

To maximize public health gains, tobacco tax policy should be risk-proportionate — placing the highest tax burden on cigarettes while applying lower rates to significantly lower-risk noncombustible alternatives. Maintaining meaningful price differentials encourages adults who smoke to transition away from cigarettes, which remain uniquely lethal, toward significantly lower-risk, nicotine alternatives.

The excise tax proposed by S.0198 will effectively double the price of nicotine pouches and substantially erode the existing price differential between cigarettes and pouches. For this reason, we strongly encourage the Committee to **oppose the proposed excise tax on nicotine pouches**.

S.0198’s Tax Provisions Undermine Switching for Adults Who Smoke

Our opposition to the proposed excise tax on pouches reflects concern for the roughly 56,000 Vermont adults who continue to smoke cigarettes¹. These are largely working-class people, veterans, and people living with mental health challenges. Many work paycheck to paycheck and are very price sensitive. Most want to quit smoking, and many have made multiple quit attempts.

Cigarette smoking specifically, not nicotine use, remains the leading preventable cause of death in Vermont. Each year, cigarette smoking is responsible for roughly 1,000 premature deaths in Vermont, nearly one-third of all cancer deaths, and more than \$400 million in direct healthcare costs. Approximately \$100 million of these costs are covered by Vermont’s *Green Mountain Care* Medicaid program. Given the harms caused specifically by smoking, **reducing combustible cigarette use remains the most important public health objective for tobacco control**.

Throughout my career, I have directed state and national smoking cessation initiatives, including leadership roles with state tobacco control programs in New York and Ohio, and as a national vice president with the American Heart Association. In every instance, including through multimillion-dollar initiatives, most adults were unable to quit. The persistent challenge facing tobacco control is that traditional smoking cessation interventions are simply insufficient for most adults.

Although traditional cessation interventions, including tobacco quitlines, behavioral counseling, and pharmacotherapy, can increase quit success, fewer than 1-in-10 people successfully quit

¹ <https://www.tobaccofreekids.org/problem/toll-us/vermont>

through strategies focused on nicotine abstinence.² As a result, many adults are turning to lower-risk nicotine alternatives as a pathway away from cigarettes.

Nicotine pouches have entered the marketplace under a regulatory framework specifically designed to protect population health. The Family Smoking Prevention and Tobacco Control Act granted the U.S. Food and Drug Administration (FDA) authority to authorize new tobacco products that meet a “public health standard” — requiring strong evidence that potential benefits to adults who smoke outweigh risks, including those related to youth.

In 2025 and 2026, the FDA authorized certain nicotine pouch products under the agency’s rigorous public health standard, concluding these products have the potential to benefit adults who completely switch away from cigarettes.^{3,4}

Research from institutions including Yale and Rutgers Universities shows that adult use of nicotine pouches is associated with reduced cigarette smoking⁵ and is most common among adults who recently quit smoking or using other tobacco products.⁶ These findings are consistent with broader evidence that many adults who struggle to quit nicotine entirely can benefit from access to lower-risk alternatives.

The proposal to substantially increase the excise tax on nicotine pouches would make them less affordable and less appealing at a time when public health should capitalize on the availability of safer, FDA-authorized products that can help adults quit.

S.0198’s Non-Tax Provisions Strengthen Youth Protections

Efforts to reduce youth nicotine use have been highly successful in recent years. Nationally, youth use of nicotine pouches remains low (1.8%),⁷ and overall nicotine use among U.S. adolescents is now at its lowest level in 25 years⁸. The FDA, which conducts a national annual youth tobacco use study, explicitly considers youth use patterns when making regulatory decisions. For example, in its recent authorization of On! pouches, FDA concluded these products: “Have the potential to provide a benefit to adults who smoke cigarettes and/or use other smokeless tobacco products that is sufficient to outweigh the risks of the products, including to youth.”⁹

S.0198 further strengthens youth protections through measures such as prohibiting deceptive, youth-oriented product designs, increasing penalties for underage sales, and strengthening penalties for retailers operating without required licenses or endorsements. The proposed repeal of

² VanFrank B, Malarcher A, Cornelius ME, Schechter A, Jamal A, Tynan M. Adult Smoking Cessation — United States, 2022. *MMWR Morb Mortal Wkly Rep* 2024;73:633–641.

³ <https://www.fda.gov/news-events/press-announcements/fda-authorizes-marketing-20-zyn-nicotine-pouch-products-after-extensive-scientific-review>

⁴ <https://www.fda.gov/tobacco-products/ctp-newsroom/fda-authorizes-6-nicotine-pouch-products-completing-review-record-time>

⁵ <https://pmc.ncbi.nlm.nih.gov/articles/PMC12377922/>

⁶ <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2838608>

⁷ <https://www.cdc.gov/mmwr/volumes/73/wr/mm7335a3.htm>

⁸ <https://www.fda.gov/tobacco-products/ctp-newsroom/youth-tobacco-product-use-25-year-low-yet-disparities-persist>

⁹ <https://www.fda.gov/tobacco-products/ctp-newsroom/fda-authorizes-6-nicotine-pouch-products-completing-review-record-time>

civil penalties for youth possession of nicotine products is also a sensible reform. Importantly, **unlike the excise tax on pouches, none of these measures undermine adult use of lower-risk products instead of cigarettes.**

Conclusion

The scientific evidence is clear: nicotine pouches, particularly those reviewed and authorized by the FDA, represent a substantially safer alternative to cigarettes for adults who smoke.

At a time when cigarette smoking is increasingly concentrated among working-class and economically disadvantaged adults, preserving access to affordable lower-risk alternatives represents an opportunity to accelerate smoking cessation.

For these reasons, **we encourage the Committee to oppose proposals that would substantially increase excise taxes on nicotine pouch products.**

Respectfully submitted,

A handwritten signature in black ink that reads "Jeff Willett". The signature is written in a cursive, flowing style.

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