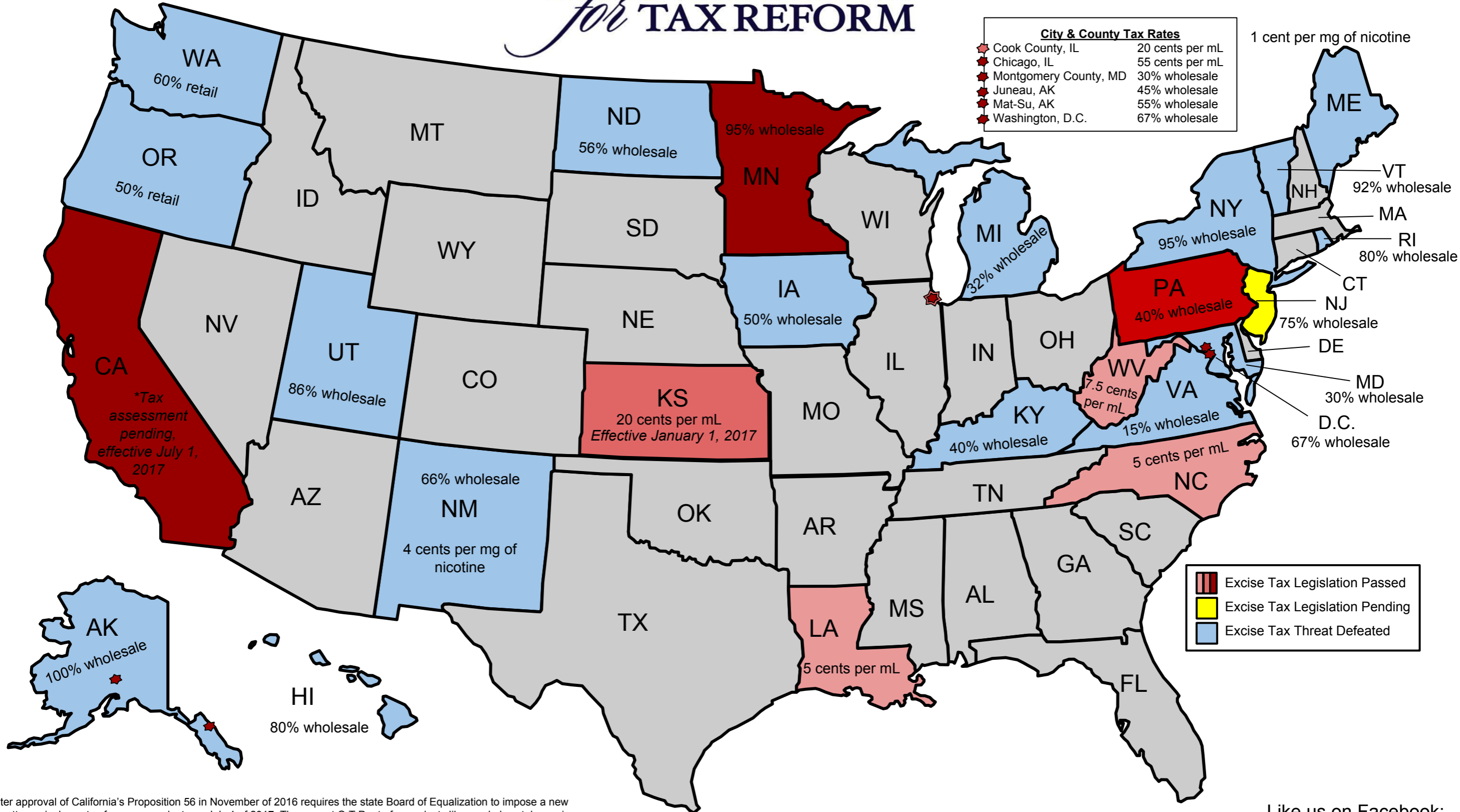


2016 Excise Tax Rates and Threats to Vapor Products in the States

AMERICANS *for* TAX REFORM



*Voter approval of California's Proposition 56 in November of 2016 requires the state Board of Equalization to impose a new cigarette equivalency tax for vapor products on July 1 of 2017. The current O.T.P rate for products like smokeless tobacco is 27.3%, a rate that will as much as triple due to increased cigarette costs associated with the \$2/pack cigarette tax increase.