



AMERICANS
for TAX REFORM

February 21, 2018

Re: Rep. Paul Ray's Vapor Tax – HB 88

Dear Members of the Utah House Revenue and Taxation Committee,

On behalf of Americans for Tax Reform and our supporters across Utah, I write today to express opposition to House Bill 88, which would impose an 86 percent tax on electronic cigarettes and vapor products in the Utah. This reckless cash grab on innovative products represents both misguided public health and tax policy.

The revenue impact of this tax represents only a small fraction of revenue for the overall budget and is clearly designed as a punitive measure against a group of small businesses and consumers disfavored by the bill's author. For a state that boasts the lowest smoking rate in the United States, lawmakers should work to celebrate technologies that make further reductions in cigarette use possible.

Electronic cigarettes and vapor products are at least 95 percent less harmful than traditional cigarettes according to Public Health England and the Royal College of Physicians, among others. **Subjecting the products to sin taxes, at any rate and particularly at an astonishing 88 percent, works at cross purposes to reduce the harm associated with cigarette use.** It also sends the wrong message to adult smokers – that switching to vapor products isn't encouraged by the state. Ranging from the current Commissioner of the Food and Drug Administration to government-funded public health agencies around the world, the public health community is embracing the harm-reducing potential of vapor products more and more by the day. In fact, the American Cancer Society even recently affirmed that "using current generation e-cigarettes is less harmful than smoking cigarettes."

Imposing any excise tax that makes vapor products more expensive will either discourage smokers from making the switch or force vapers to return to smoking. The tax won't only harm consumers, however. **HB 88 would decimate a growing group of small businesses in Utah who are working to reduce the state smoking rate even further.** A much smaller 40 percent wholesale tax in Pennsylvania forced the closure of one-third of state vapor businesses, resulting in fewer property tax, sales tax, and income tax collections and the immediate unemployment of hundreds.

ATR urges you to reject HB 88, Representative Paul Ray's punitive tax on electronic cigarettes and vapor products. These smoke-free alternatives to cigarettes are innovative and raising their price with needless tax hikes will not only send the wrong message to smokers, but it will harm businesses in Utah. If you have any questions, please contact Paul Blair, ATR's strategic initiatives director, at (202) 785-0266 or pblair@atr.org.

Sincerely,

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