

Why are E-Cigarette Taxes Bad Public Health Policy?

E-Cigarette taxes are taxes imposed on manufacturers, retailers, or consumers of electronic cigarettes or vaping products. Often, e-cigarettes are included in the definition of tobacco products for tax purposes, even though e-cigarettes do not contain any tobacco and are 95% less harmful than cigarettes.

- Imposing taxes on products proven to be 95% safer than cigarettes and an effective tool for smoking cessation drives adults to more deadly alternatives, going against every principle of sound public policy.
- As the price of a product increases, its use decreases. The same is true of e-cigarettes.
- There is “consistent and robust evidence” that taxes on e-cigarettes increase smoking rates, decrease smoking cessation, and lead to more tobacco-related deaths.¹
- The National Bureau of Economic Research determined that Minnesota’s tax on e-cigarettes prevented 32,000 adult cigarette smokers from quitting.²
- If imposed on a national scale, Minnesota’s e-cigarette tax would prevent 1.8 million American smokers from quitting over the next ten years.
- If e-cigarettes were taxed at the same level as traditional cigarettes, smoking participation would increase 8.1% and 2.75 million smokers would be deterred from quitting.
- For each 10% increase in the tax rate on e-cigarettes, e-cigarette sales can be expected to drop 26% while combustible cigarette sales will rise 11%.
- High tax rates on e-cigarettes also promote a black market for the products. Multi-million-dollar crime syndicates, that also engage in human trafficking and money laundering, flood the black market with unsafe products that produce revenue used to fund terrorism. For this reason, the U.S. State Department has explicitly stated that tobacco smuggling is “a threat to national security”.³

¹ <https://www.atr.org/study-minnesotas-e-cigarette-tax-prevented-32000-adult-smokers-quitting-cigarettes>

² <https://www.nber.org/papers/w26589>

³ <https://2009-2017.state.gov/documents/organization/250513.pdf>