

**Mission:**  
 To improve Kentucky's health by protecting Kentuckians from secondhand smoke and other tobacco emissions, and by reducing the high rate of smoking and tobacco use in the Commonwealth.

**Steering Committee:**  
 American Heart Association  
 American Stroke Association

American Lung Association

Baptist Health

Campaign for Tobacco-Free Kids

Foundation for a Healthy Kentucky

Humana

Kentucky Cancer Foundation

Kentucky Center for Smoke-free Policy

Kentucky Chamber of Commerce

Kentucky Council of Churches

Kentucky Equal Justice Center

Kentucky Health Collaborative

Kentucky Health Departments Association

Kentucky Hospital Association

Kentucky Medical Association

Kentucky Nurses Association

Kentucky School Boards Association

Kentucky Voices for Health

Kentucky Youth Advocates

## E-cigarettes Should Taxed Parallel to Other Tobacco Products

The Coalition for a Smoke-Free Tomorrow supports adopting a state excise tax on electronic nicotine delivery systems (ENDS, or e-cigarettes) and heated tobacco products at a rate of 27.5 percent of the wholesale price, which is equivalent to the current Kentucky excise tax on cigarettes.

As of July 21, 2018, the state excise tax on cigarettes in Kentucky is \$1.10 per pack. Chewing tobacco, snuff and other tobacco products are taxed at 15 percent of wholesale price, which was parallel to the cigarette tax prior to the 2018 50-cent per pack increase. But e-cigarettes and vapes are treated differently from cigarettes and other tobacco products; they are not subject to any state excise tax at all. Adding such a tax is an opportunity to reduce e-cigarette use by youth, persons living on low incomes and pregnant women.<sup>i</sup> Nationwide, e-cigarette tax rates range from 5 cents/mL to 96 percent of the wholesale price.<sup>ii</sup>

### About E-Cigarettes:

E-cigarettes are battery-operated devices that may resemble cigarettes, cigars, or pipes, or they may be uniquely shaped to look like entirely different items (e.g., Juul, Suorin). The device heats a liquid, or e-juice, that delivers highly addictive nicotine extracted from tobacco, as well as flavorings, chemicals and particles in the form of an inhaled aerosol. The Food and Drug Administration (FDA) has deemed e-cigarettes tobacco products.<sup>iii</sup>



CDC graphic [https://www.cdc.gov/tobacco/basic\\_information/e-cigarettes/pdfs/Electronic-Cigarettes-Infographic-508.pdf](https://www.cdc.gov/tobacco/basic_information/e-cigarettes/pdfs/Electronic-Cigarettes-Infographic-508.pdf)

Learn More:  
[www.smokefreetomorrow.org](http://www.smokefreetomorrow.org)



### About Heated Tobacco Products:

Heated tobacco products are battery-operated devices that heat tobacco, rather than a liquid, but at a lower temperature than combustible tobacco products. The first heated tobacco product to receive FDA approval to be sold in the United States (IQOS) will be available in the summer of 2019.<sup>iv</sup>

### Safety:

E-cigarette aerosol includes nicotine, flavorings and other additives, heavy metals, chemicals including carcinogens, ultrafine particles, and other toxic gases that pose health risks to both users and bystanders. They are frequently used in addition to cigarettes rather than as a substitute, a practice called dual use, which increases total exposure to nicotine and the risk of other substance use and addiction.<sup>v</sup> Although some may perceive that e-cigarettes pose fewer health hazards than smoking combustible cigarettes, they are still tobacco products and not safe. Also, e-cigarettes pose significant shorter-term and long-term health risks for youth.<sup>vi</sup>

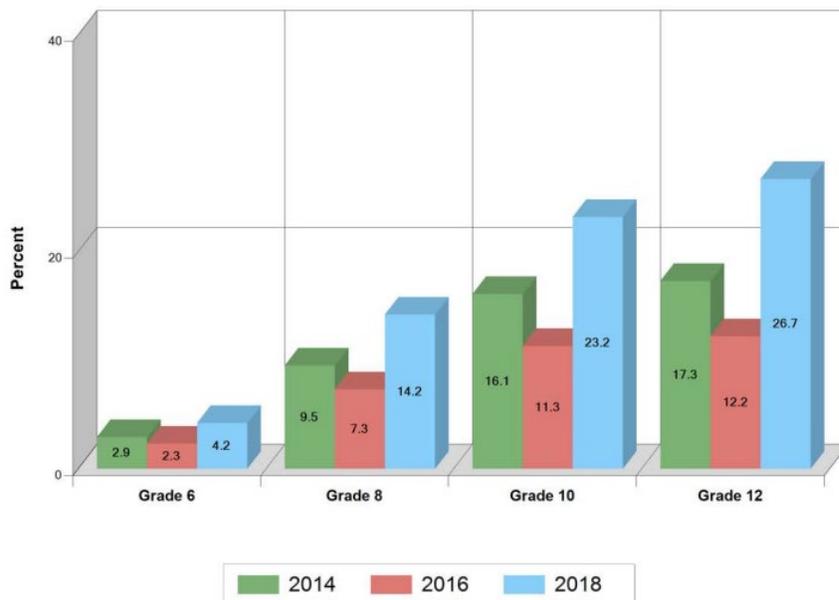
According to the U.S. Clinical Preventive Task Force Guidelines,<sup>vii</sup> there is insufficient evidence to support the use of e-cigarettes for quitting tobacco use, and more research is needed regarding the long-term effects of using e-cigarettes on health and mortality.

### E-cigarette Usage in Kentucky:

#### Adults :

- 48 percent of Kentucky adults ages 18-29 had tried e-cigarettes in 2017, compared to 37 percent in 2016, and 9 percent of lifetime nonsmokers had tried e-cigarettes<sup>viii</sup>
- The use of e-cigarettes has not been limited strictly to current and former smokers.<sup>ix</sup> In Kentucky in 2016, 51.6 percent of current e-cigarette users also smoked cigarettes.<sup>x</sup> In 2016, 15.5 percent of adult e-cigarette users in Kentucky had never smoked cigarettes.<sup>xi</sup>

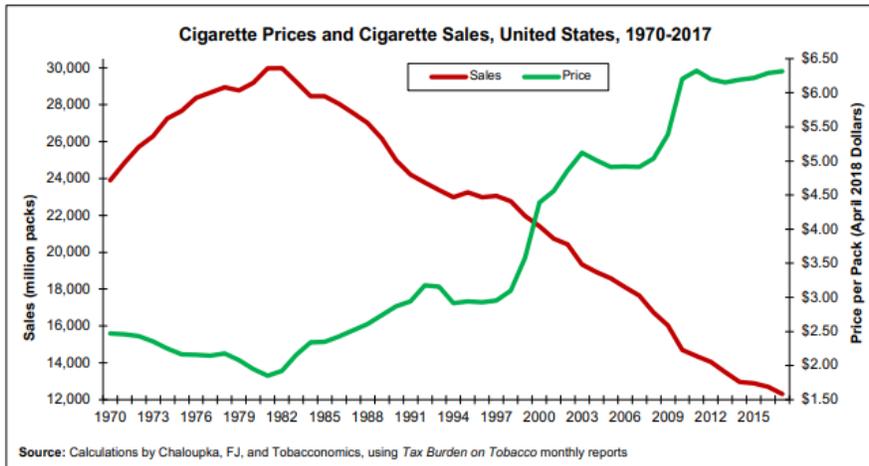
Youth – E-cigarette use among youth in Kentucky nearly doubled for students in the 6<sup>th</sup> and 8<sup>th</sup> grades, and more than doubled for 10<sup>th</sup> and 12<sup>th</sup> graders, from 2016 to 2018.<sup>xii</sup>



### Health Benefits of an E-cigarette Excise Tax:

The World Health Organization recommends large tobacco tax increases as a core policy to significantly reduce overall tobacco use, lead current users to quit, and reduce health and economic consequences of tobacco use.<sup>xiii</sup> In fact, excise taxes are the most effective policy tool available for reducing tobacco use.

- A 10 percent increase in price reduces sales of disposable e-cigarettes by approximately 12 percent, and by about 19 percent for reusable e-cigarettes.<sup>xiv</sup>
- Experience shows that increases in the price of tobacco products reduces consumption.<sup>xv</sup>



### Expected Revenues:

E-cigarettes are a growing market, but they still represent a relatively small overall share of the tobacco market. The benefits of raising the excise tax, at least in the initial years, would accrue to better health. Long term, the increased tax would lead to reduced health care costs.

- The 27.5 percent e-cigarette tax, along with a parallel increase on other

tobacco products, would generate a total of approximately \$35 million (including the excise tax, additional sales tax and floor stock tax) in its first 12 months.

<sup>i</sup> <https://www.tobaccofreekids.org/assets/factsheets/0146.pdf>

<sup>ii</sup> <https://www.tobaccofreekids.org/assets/factsheets/0169.pdf>

<sup>iii</sup> <https://www.fda.gov/tobacco-products/rules-regulations-and-guidance/fdas-deeming-regulations-e-cigarettes-cigars-and-all-other-tobacco-products>

<sup>iv</sup> <https://www.fda.gov/news-events/press-announcements/fda-permits-sale-iqos-tobacco-heating-system-through-premarket-tobacco-product-application-pathway>

<sup>v</sup> <https://www.cdc.gov/tobacco/campaign/tips/diseases/dual-tobacco-use.html>

<sup>vi</sup> <https://e-cigarettes.surgeongeneral.gov/knowtherisks.html>

<sup>vii</sup> <https://www.uspreventiveservicestaskforce.org/Page/Document/RecommendationStatementFinal/tobacco-use-in-adults-and-pregnant-women-counseling-and-interventions1>

<sup>viii</sup> <https://www.healthy-ky.org/res/images/resources/KHIP-e-cigarettes-report-FINAL-1-31-17.pdf>

<sup>ix</sup> <http://www.tobaccopreventioncessation.com/Electronic-cigarette-use-comparing-smokers-vapers-and-dual-users-on-characteristics-and-motivational-factors,69392,0,2.html>

<sup>x</sup> [https://www.cdc.gov/pcd/issues/2019/18\\_0362.htm#table2\\_down](https://www.cdc.gov/pcd/issues/2019/18_0362.htm#table2_down)

<sup>xi</sup> [https://www.cdc.gov/pcd/issues/2019/18\\_0362.htm#table2\\_down](https://www.cdc.gov/pcd/issues/2019/18_0362.htm#table2_down)

<sup>xii</sup> <https://static1.squarespace.com/static/5a30a0572aeba58c0fb5e2eb/t/5cbe0f63e4966b36e4c65b96/1555959674093/KIP+2018+Statewide+Trends+Report-final-22Apr2019-v5.0.pdf>

<sup>xiii</sup> [https://tobacconomics.org/wp-content/uploads/2019/05/UIC\\_Large-Tax-Increases-Policy-Brief\\_v2.0.pdf](https://tobacconomics.org/wp-content/uploads/2019/05/UIC_Large-Tax-Increases-Policy-Brief_v2.0.pdf)

<sup>xiv</sup> <https://knowledgecenter.csg.org/kc/system/files/Chaloupka.pdf>

<sup>xv</sup> <https://www.tobaccofreekids.org/assets/factsheets/0146.pdf>