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Testimony from: Carrie Wade, Director of Harm Reduction Policy, R Street Institute  
**In Opposition** to: Bill 22-460, the “Department of Health Smoking Cessation Fund Amendment Act of 2017”

## **About Us**

The R Street Institute is a nonprofit, nonpartisan, public policy research organization based out of Washington, D.C. We strive to promote free markets and effective government policies in many areas, including harm reduction.

My academic background is in the neural mechanisms of addiction, evaluating neurochemical and anatomical changes that happen in the brain following the onset of addiction. There has been a lot of progress made in understanding what biological factors lead to dependence and addiction and thus, how addiction can best be treated and managed. Towards that end, I believe that harm reduction approaches can positively affect the health and welfare of people who use addictive substances.

Vapor products, such as e-cigarettes, are intended for long-term use in a “harm-reduction” mode, not short-term use as a medication. While e-cigarettes are not totally safe or healthful, they are far less harmful than cigarettes. Public Health England estimates that electronic cigarettes are no less than 95 percent safer than combustible cigarettes [1] and both Public Health England and the Office of the Surgeon General report that e-cigarettes have a similar risk profile to other nicotine replacements, such as the patch and nicotine gum [1, 2].

As the Director of Harm Reduction Policy at R Street Institute I write to you out of concern over the proposal to require that 10% of proceeds from cigarette sales be deposited into the Smoking Cessation Fund. While I do not take issue with increasing the tax on combustible tobacco products, any tax proposal on e-cigarettes should reflect the significantly reduced risk associated with electronic nicotine delivery systems (ENDS). The current other tobacco products (OTP) tax rate is 60% and would increase significantly under this proposal. In 2015, D.C. City Council expanded the excise tax on all other tobacco products to include e-vapor products. The vapor product tax is the same as the OTP tax, currently 60% and would go up considerably if this language is adopted.

From a public health perspective, it is important to incentivize people to use less harmful products by keeping the total cost of e-cigarettes at a price that will encourage people to not choose combustible cigarettes. To that end, we respectfully request that e-cigarettes and other vapor products are exempted from this legislation. The price elasticity of e-cigarettes is between -1.2 for disposable and -1.9 non-disposable systems [3], while the price elasticity of combustible cigarettes centers around -0.4 [4], suggesting that combustible cigarettes are less vulnerable to prices increases than their much safer counterparts – e-cigarettes, necessitating that the total cost of e-cigarettes remains low.

It is also important to remember that those in lower SES populations – who share a higher burden of tobacco-related diseases – are more sensitive to the proposed tax increase. It is important that the potential of e-cigarettes to mitigate the risks associated with combustible cigarettes be recognized. Therefore, it is imperative that the total cost of e-cigarettes and vapor products remain at level that encourages, rather than discourages, people to choose these less harmful products. Doing so will reduce the incidence and cost of tobacco-related disease.

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2. General, O.o.t.S., The Health Consequences of Smoking—50 Years of Progress. 2015, U.S. Department of Health and Human Services: Rockville, MD
3. Huang, J., J. Tauras, and F.J. Chaloupka, The impact of price and tobacco control policies on the demand for electronic nicotine delivery systems. *Tob Control*, 2014. 23 Suppl 3: p. iii41-7.
4. Grace, R.C., B.M. Kivell, and M. Laugesen, Estimating cross-price elasticity of e-cigarettes using a simulated demand procedure. *Nicotine Tob Res*, 2015. 17(5): p. 592-8.