



1050 17th Street,
N.W. Suite 1150
Washington, DC 20036
202.525.5717

Free Markets. Real Solutions
www.rstreet.org

**Testimony of Carrie Wade
Director of Harm Reduction Policy
R Street Institute**

**In Opposition to H3998- An Act relative to the taxation of electronic
smoking devices, cigars and smoking tobacco**

November 29, 2017

Representative Jeffrey Sánchez
Chairman, House Committee on Ways & Means
State House, Room 243
Boston, MA 02113

Dear Chairman Sánchez,

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

As the Director of Harm Reduction Policy at the R Street Institute, I write to you out of concern over the implications of H.3998. If adopted, this measure would levy a significant tax on e-cigarettes and vapor products. The increased cost associated with electronic nicotine delivery systems (ENDS) and would adversely affect smokers' decisions to move away from the most harmful and widely-used combustible tobacco products; cigarettes to safer forms of nicotine.

E-cigarettes are intended by both manufacturers and vendors to serve as cigarette substitutes for current smokers who need or simply desire self-administered nicotine without the deadly tar and other products of combustion found in tobacco cigarettes. These vapor products 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).

In addition, data from the Center for Disease Control shows that e-cigarettes users are more likely to attempt to quit than non e-cigarette users (65% vs. 40%) and users enjoy higher rates of long-term success (4% vs. 8%) (3). Much of the credit for these results is due to the similarities that e-cigarettes and combustible cigarettes share, including ritual use, inhalation and “feel” (4).

The price elasticity of e-cigarettes is between -1.2 for disposable and -1.9 non-disposable systems (5), while the price elasticity of combustible cigarettes centers around -0.4 (6). It is 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.

1. H. W. Directorate, "E-cigarettes: a new foundation for evidence-based policy and practice," (Public Health England, 2015).
2. O. o. t. S. General, "The Health Consequences of Smoking—50 Years of Progress," (U.S. Department of Health and Human Services, Rockville, MD, 2015).
3. S. H. Zhu, Y. L. Zhuang, S. Wong, S. E. Cummins, G. J. Tedeschi, E-cigarette use and associated changes in population smoking cessation: evidence from US current population surveys. *BMJ* **358**, j3262 (2017).
4. N. McKeganey, T. Dickson, Why Don't More Smokers Switch to Using E-Cigarettes: The Views of Confirmed Smokers. *Int J Environ Res Public Health* **14**, (2017).
5. J. Huang, J. Tauras, F. J. Chaloupka, The impact of price and tobacco control policies on the demand for electronic nicotine delivery systems. *Tob Control* **23 Suppl 3**, iii41-47 (2014).
6. R. C. Grace, B. M. Kivell, M. Laugesen, Estimating cross-price elasticity of e-cigarettes using a simulated demand procedure. *Nicotine Tob Res* **17**, 592-598 (2015).