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Testimony from:
Marc Hyden, Director of State Government Affairs, R Street Institute

SB 347, "AN ACT TO IMPOSE A PRIVILEGE TAX ON E-CIGARETTES"

March 18, 2019

Senate Revenue and Tax Committee

Chairman and members of the committee,

My name is Marc Hyden, and I am the Director of State Government Affairs for the R Street Institute, which is a nonprofit, nonpartisan, public policy research organization. Our mission is to engage in policy research and outreach to promote free markets and limited, effective government in many areas, including tobacco harm reduction. That's why SB 347 is of special interest to us.

While it is important for the University of Arkansas to be fully funded, I urge caution when considering SB 347, which would levy increased taxes on e-cigarettes equal to that of tobacco products, like combustible cigarettes.

Tobacco has traditionally been taxed based upon its risk, and this is understandable, as it is exceedingly dangerous. However, taxing e-cigarettes at the same level does not represent risk, and in fact, it will likely be a great disservice to Arkansans.

According to the American Cancer Society, e-cigarettes present a reduced risk compared to combustible cigarettes.¹ Public Health England has found that e-cigarettes are at least 95 percent less harmful than combustibles, and the reason for this is simple.² When someone lights a cigarette, around 7,000 chemicals are released—many of which are carcinogenic. E-cigarettes, on the other hand, do not use the combustion process. Thus, these chemicals are not released, making e-cigarettes far less harmful.

Indeed, the U.S. Surgeon General has stated that e-cigarettes' effects are similar to other quit tools like nicotine patches or lozenges.³ Comparing them to such implements is appropriate given that e-cigarettes are the country's number one tool for quitting smoking.⁴

The truth is that incentives matter. Raising taxes on quit tools and improved behavior disincentivizes individuals from giving up smoking. Accordingly, Arkansas would do well to promote better decisions,



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rather than punishing e-cigarette users with increased taxes. For these reasons, I hope the committee members will use great prudence when considering SB 347.

Thank you for your time,

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¹ The American Cancer Society Board of Directors, “American Cancer Society Position Statement on Electronic Cigarettes,” American Cancer Society, February 2018.

² Ann McNeill et. al., “Evidence review of e-cigarettes and heated tobacco products 2018,” Public Health England, March 2, 2018.

³ Kathleen Sebelius, “The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General,” U.S. Office of the Surgeon General, 2014.

⁴ Zhu Shu-Hong et. al., “E-cigarette use and associated changes in population smoking cessation: evidence from US current population surveys,” *British Journal of Medicine*, July 26, 2017.