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ALASKA STATE LEGISLATURE

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Sponsor Statement

CSHB 110 – Electronic Smoking Products Excise Tax

House Bill 110 would raise the minimum age to purchase, possess, or sell tobacco products to conform with federal law. It also would prohibit the sale of tobacco products over the internet to individuals for personal use, and it would enact an excise tax on electronic smoking products comparable to the existing wholesale tax on cigarettes and other tobacco products. Additionally, it removes a \$500 fine for underage possession of nicotine products and directs courts to refer defendants to a tobacco education program.

Use of E-cigarettes, commonly known as vaping, is booming in the United States, most troublingly among young people.

Between 2017 and 2018, the Center of Disease Control's National Youth Tobacco Survey saw a 78-percent increase in use of E-cigarettes by high school students—from just below 12 percent to nearly 21 percent. Nationwide, 80 percent of high school students do not perceive a great risk from using e-cigarettes regularly. However, according to the Truth Initiative—the nation's largest nonprofit public health organization committed to ending tobacco use—teens who vape are four times more likely to start smoking conventional cigarettes.

Meanwhile, tobacco taxes are proven to reduce youth tobacco use, resulting in fewer kids becoming life-long smokers, and thus ultimately reducing healthcare costs. In addition to deterring kids from beginning to use these products, tobacco taxes measurably encourage adults who want to quit to do so.

Cigarettes and Other Tobacco Products (OTP) in Alaska are taxed at 75% of the wholesale price. HB 110 proposes to add electronic smoking products to the OTP definition and in turn to tax them at the current rate of 75% of the wholesale price.

Thank you for considering this legislation.