

Members of the Labor and Commerce Committee,

My name is Alex McDonald and I own Ice Fog Vapor in Fairbanks, AK. I am writing today to oppose HB110. This bill is highly flawed and will lead to increased costs to the state, leaving less money for communities, while increasing smoking rates as well. Vapor products help Alaskans across the state quit smoking. I smoked for 19 years and tried a variety of approved traditional methods to quit, with vapor products being the only thing that worked for me. My whole family has been smoke free for 8 years now. Please see the attached study published in the New England Journal of Medicine 2/14/19 that clearly shows these products have been found to be twice as effective as traditional cessation products.

This bill would cost the state money we do not have. If you look at the attached State Budget Solutions publication in table 4 page 6, it shows that in 2012 the State of Alaska brought in \$67 million in tobacco taxes and \$30 million in tobacco settlement payments. The cost to the state for Medicaid for smoking related illness was \$202 million or 108% of what the state received. Keep in mind these figures are before Medicaid was expanded so the savings to the state now would likely be far greater than the 2012 figure. Less people smoking means more savings to the state budget for years to come, leaving more in the budget for communities like ours.

In the attached study from the National Bureau of Economic Research, they stated that “Our study suggests that, as intended, e-cigarette taxes raise e-cigarette prices and reduce e-cigarette sales. However, an unintended effect is an increase in cigarette sales.” They also state that “Therefore, a national e-cigarette tax will increase traditional cigarettes purchased by 6.2 extra packs for every one standard e-cigarette pod of 0.7 ml no longer purchased.” The study also points out that “traditional cigarettes continue to kill nearly 480,000 Americans each year (Centers for Disease Control and Prevention 2019a), and several reviews support the conclusion that e-cigarettes contain fewer toxicants (National Academies of Sciences Engineering and Medicine 2018, Royal College of Physicians 2019) and are safer for non-pregnant adults (Royal College of Physicians 2019) than traditional cigarettes.” Policies like the ones contained in HB110 have been shown to increase smoking rates instead of decreasing the smoking rates. Smoking is the number one cause of preventable death in this country. We should be putting policies in place that help lower preventable deaths in our state instead of increasing that number.

The American Consumer Institute Center for Citizen Research published a report titled “Are E-Cigarette Regulations Jeopardizing Public Health?” They bring up some very good points and dispel many of the myths regarding vapor products. As far as the products safety they report that “In 2015, Public Health England conducted a systematic review of the evidence and concluded that e-cigarettes are at least 95 percent less harmful than conventional cigarettes. Other health organizations, including the Royal College of Physicians, National Academies of Science, Engineering, and Medicine, and American Cancer Society, have also acknowledged that vaping is a safer alternative for adult cigarette smokers. One 2018 study written by a team of authors from the Georgetown University Medical Center estimated that 6.6 million lives could be saved in the U.S. over the next 10 years.” They also point out the need for changes to the Premarket Tobacco Application that will need to be made by or these products will be possibly pulled from the market. “companies will still need to submit a “Premarket Tobacco Application” (PMTA) to the FDA... or else be forced to close shop, no easy task as suggested by the first company to

submit the application.” This application costs around \$1million per flavor of liquid, with no standard of approval, and no small business can afford that cost.

The report also addresses youth use and the myth that it is leading to hooking a new generation. They state, “Indeed, among teens who use e-cigarettes regularly, almost all are (or were) smokers, suggesting that vaping may be an effective substitute for smoking among adolescents. The 2015 National Youth Tobacco Survey, for example, revealed that only 0.3 percent of non-smoking adolescents regularly vaped. A paper in the American Journal of Preventive Medicine found that non-smoking high school students are highly unlikely to use e-cigarettes; only six percent of 12th graders who had never smoked had used e-cigarettes in the past 30 days, and less than one percent used e-cigarettes regularly.” Everyone I know does the best they can to keep products intended to help adults out of the hand of our youth. Brick and mortar stores are the first line of defense to card and ensure these products are sold to adults of age.

The report also finds taxing vapor products counter to public health interests and states, “More than a dozen states have implemented special taxes on e-cigarettes, typically in order to bring them in line with taxes on combustible tobacco products. But while tax parity might seem fair, proposals to jack up prices on e-cigarettes threaten to undermine policymakers’ broader goals of improving public health.” They also report “Imposing similar taxes on e-cigarettes runs counter to this logic, since the aggregate public health impact of e-cigarettes, compared to smoking, is positive. For example, a recent study found that, even under pessimistic assumptions, e-cigarettes will deliver significant public health benefits over the next half-century, extending the aggregate longevity of the U.S. population by 580,000 years.”

The issue of taxation of vapor products was brought up during the Walker Administration and rejected as bad policy. The legislature found it to be a highly regressive tax hitting lower income Alaskans the hardest. The attached Vaping, e-cigarettes and public policy toward alternatives illustrates this in their finding that “2010 to 2011, smokers earning less than \$30,000 per year spent 14.2 percent of their household income on cigarettes, compared to 4.3 percent for smokers earning between \$30,000 and \$59,999 and 2 percent for smokers earning more than \$60,000.” The legislature also stated that the money would be better left for families to spend on their kids while others simply saw it as a money grab that would push people back to smoking.

It was also found to be a job killer and would close small businesses across the state. The issue was recently brought up for the City of Fairbanks and the Fairbanks North Star Borough and was rejected as well. Kodiak also voted against a similar tax measure as shops could not survive the added costs. Steam Trunk in Kodiak closed last fall and Arctic Vapor in Fairbanks closed its doors last spring as well even without burdensome taxes in place. This tax would close small businesses and restrict consumer choice of safer alternatives to smoking traditional cigarettes further increasing the smoking rates for the state.

Thank you for your consideration of this matter. I hope we can all work together to make Alaska, and our community a better healthier place.

Alex McDonald

## NATIONAL ASSOCIATION OF TOBACCO OUTLETS, INC.

April 5, 2021

**To:** Co-Chairs Zack Fields and Ivy Spohnholz and Members of the House Labor and Commerce Committee

**From:** Thomas Briant, NATO Executive Director

The National Association of Tobacco Outlets (NATO) is a national trade association that represents numerous retail store members across Alaska. NATO and its Alaska member stores urge you to oppose HB110, which creates a tax on electronic smoking products of 75% of the wholesale price and puts under-21 employees at tobacco retailers out of work. Please consider:

- **Stimulus Funds Negate Need for Tax Increases:** Alaska will receive \$1.02 billion in federal stimulus funds as a result of the passage of the American Rescue Fund. With this significant amount of federal stimulus funds, there is no need to consider raising taxes, including the proposed tax on electronic smoking products.
- **Out-of-State Purchasing by Legal Age Adults:** Enacting this tax will encourage legal age adults to find their products elsewhere, including stocking up in other states. The State does not have the resources to prevent consumers or others from bringing large quantities of electronic smoking products into the State and avoid this excessive tax.
- **Smuggling and an Illicit Market Will Impact Tax Collections:** The new tax will make it more lucrative to smuggle electronic smoking products into Alaska from lower tax states and states. Illicit markets already exist. Participants in these illicit markets, unlike the responsible retailers NATO represents, do not care whether they sell to underage persons or collect taxes, impacting both responsible Alaska retailers and Alaska's receipt of taxes.
- **This is Not the Time to Burden Retailers:** Even if you believe a high tax on electronic smoking products is a good idea, it is simply incredible at this unprecedented time in our country to think about doing so. Retailers have struggled the past year to get by from day-to-day. A large tax increase such as this one may well be the last straw for many retailers, as their businesses, already severely impacted by sales losses due to COVID-19 and lockdowns, will lose even more sales and customers to smugglers and illicit markets. This raises the likelihood of employees losing jobs and stores weighing whether they can survive economically. It is time to support your local retailers, not financially burden them and their customers with new taxes.
- **Tax Regressivity Will Impact Lower Income Citizens:** Increases in tobacco taxes negatively impact those residents least able to afford it, as tobacco product use is generally associated with lower income citizens. With more limited incomes, these adults will likely change their buying habits to find less expensive sources of their preferred electronic smoking products, impacting the viability of Alaska's family-owned and operated retail stores.
- **Under-21 Employees will Lose Their Jobs.** Currently, 19 and 20-year-olds may hold jobs at retail stores that include the sale of tobacco products. This bill would make it illegal for them to sell any tobacco products, placing a hardship on tobacco retailers and their employees. Many retailers, especially smaller or family-owned establishments, need to be able to hire young people, who may be family members, to staff their stores adequately. Those duties may include completing transactions that have both tobacco and non-tobacco items. These clerks are trained

in how to avoid sales of tobacco to underage persons. Prohibiting them from taking these kinds of jobs hurts both them and their potential employers.

Your consideration of our concerns and opposition to HB110 are sincerely appreciated.

**Testimony before the Alaska House  
Committee on Labor and Commerce  
Regarding Taxing Electronic Cigarettes and Vapor Products  
Lindsey Stroud, Policy Analyst  
Taxpayers Protection Alliance  
April 9, 2021**

Chairman Fields, Chairwoman Spohnholz, and Members of the Committee,

Thank you for your time today to discuss the issue of taxing electronic cigarettes and vapor products. My name is Lindsey Stroud and I am a Policy Analyst with the Taxpayers Protection Alliance (TPA). TPA is a non-profit, non-partisan organization dedicated to educating the public through the research, analysis and dissemination of information on the government's effects on the economy.

As traditional tobacco revenues continue to decline, lawmakers across the country are considering applying the same excise taxes – or sin taxes – on electronic cigarettes and vapor products. E-cigarettes are significantly less harmful than combustible cigarettes and have helped many smokers quit smoking and remain smoke-free. Lawmakers should refrain from enacting excise taxes on such products, as excise taxes are used to deter behavior.

**Tobacco Economics 101: Alaska**

In 2019, 17.4 percent of adults in the Last Frontier were current smokers, amounting to 95,971 smokers.<sup>1</sup> Further, 12.1 percent of Alaskan adults (66,739) were daily smokers in 2019. When figuring a pack-per-day, over 487 million cigarettes were smoked in 2019 by Alaskan adults, or 1.3 million per day.

In 2019, Alaska imposed a \$2.00 excise tax on a pack of cigarettes.<sup>2</sup> In 2019, Alaska collected \$48.7 million in cigarette excise taxes, when figuring for a pack-a-day habit. This amounts to \$730 per smoker per year.

Alaska spent \$9.1 million on tobacco control programs in 2019, or \$94.82 per smoker per year. This is only 18.4 percent of what the state received in excise taxes in 2019 from Alaska adult smokers, based off a pack-a-day habit. When figuring amount spent on youth in the state, Alaska spent \$10.56 per year on each resident under 18 years of age.

**Vapor Economics 101: Alaska**

Electronic cigarettes and vapor products are not only a harm reduction tool for hundreds of thousands of smokers in the Last Frontier, but they are also an economic boon.

According to the Vapor Technology Association, in 2018, the industry created 196 direct vaping-related jobs, including manufacturing, retail, and wholesale jobs in Alaska, which generated \$6 million in wages alone.<sup>3</sup> Moreover, the industry has created hundreds of secondary jobs in the

Last Frontier, bringing the total economic impact in 2018 to \$40,454,800. In the same year, Alaska received more than \$1.7 million in state taxes attributable to the vaping industry. These figures do not include sales in convenience stores, which sell vapor products including disposables and prefilled cartridges. In 2016, average national sales of these products eclipsed \$11 million.<sup>4</sup> **(See Supplemental Graph 1)**

### **Wasted Tobacco Dollars**

In the mid-1990s, Alaska sued tobacco companies to reimburse Medicaid for the costs of treating smoking-related health issues. And, in 1998 with 45 other states, Alaska reached “the largest civil litigation settlement in U.S. history” through the Master Settlement Agreement (MSA).<sup>5</sup>

Under the MSA, states receive annual payments – in perpetuity – from the tobacco companies, while relinquishing future claims against the participating companies. Between 1998 and 2020, Alaska collected \$589.2 million in MSA payments.<sup>6</sup>

Tobacco taxes and tobacco settlement payments are justified to help offset the costs of smoking, as well as prevent youth initiation. Like most states, Alaska spends very little of existing tobacco moneys on tobacco control programs – including education and prevention. Between 2000 and 2019, Alaska allocated only \$143.9 million towards tobacco control programs.<sup>7</sup> This is only 14 percent of what Alaska collected in cigarette taxes in the same 19-year time span and only 26 percent of MSA payments. In total, in 19 years, Alaska allocated only 9 percent of what the state received in tobacco taxes and settlement payments towards tobacco education and prevention efforts. **(See Supplemental Graph 2)**

### **E-Cigarettes and Tobacco Harm Reduction**

The evidence of harm associated with combustible cigarettes has been understood since the 1964 U.S. Surgeon General’s Report that smoking causes cancer. Research overwhelmingly shows the smoke created by the burning of tobacco, rather than the nicotine, produces the harmful chemicals found in combustible cigarettes.<sup>8</sup> There are an estimated 600 ingredients in each tobacco cigarette, and “when burned, [they] create more than 7,000 chemicals.”<sup>9</sup> As a result of these chemicals, cigarette smoking is directly linked to cardiovascular and respiratory diseases, numerous types of cancer, and increases in other health risks among the smoking population.<sup>10</sup>

For decades, policymakers and public health officials looking to reduce smoking rates have relied on strategies such as emphasizing the possibility of death related to tobacco use and implementing tobacco-related restrictions and taxes to motivate smokers to quit using cigarettes. However, there are much more effective ways to reduce tobacco use than relying on government mandates and “quit or die” appeals.

During the past 30 years, the tobacco harm reduction (THR) approach has successfully helped millions of smokers transition to less-harmful alternatives. THR includes effective nicotine delivery systems, such as smokeless tobacco, snus, electronic cigarettes (e-cigarettes), and

vaping. E-cigarettes and vaping devices have emerged as especially powerful THR tools, helping nearly three million U.S. adults quit smoking from 2007 to 2015.

Indeed, an estimated 10.8 million American adults were using electronic cigarettes and vapor products in 2016.<sup>11</sup> Of the 10.8 million, only 15 percent, or 1.6 million adults, were never-smokers, indicating that e-cigarettes are overwhelmingly used by current and/or former smokers.

E-cigarettes were first introduced in the United States in 2007 by Ruyan, a Chinese manufacturer.<sup>12</sup> Soon after their introduction, Ruyan and other brands began to offer the first generation of e-cigarettes, called “cigalikes.” These devices provide users with an experience that simulates smoking traditional tobacco cigarettes. Cig-alikes are typically composed of three parts: a cartridge that contains an e-liquid, with or without nicotine; an atomizer to heat the e-liquid to vapor; and a battery.

In later years, manufacturers added second-generation tank systems to e-cigarette products, followed by larger third-generation personal vaporizers, which vape users commonly call “mods.”<sup>13</sup> These devices can either be closed or open systems.

Closed systems, often referred to as “pod systems,” contain a disposable cartridge that is discarded after consumption. Open systems contain a tank that users can refill with e-liquid. Both closed and open systems utilize the same three primary parts included in cigalikes—a liquid, an atomizer with a heating element, and a battery—as well as other electronic parts. Unlike cig-alikes, “mods” allow users to manage flavorings and the amount of vapor produced by controlling the temperature that heats the e-liquid.

Mods also permit consumers to control nicotine levels. Current nicotine levels in e-liquids range from zero to greater than 50 milligrams per milliliter (mL).<sup>14</sup> Many users have reported reducing their nicotine concentration levels after using vaping devices for a prolonged period, indicating nicotine is not the only reason people choose to vape.

### **Health Effects of Electronic Cigarettes and Vapor Products**

Despite recent media reports, e-cigarettes are significantly less harmful than combustible cigarettes. Public health statements on the harms of e-cigarettes include:

**Public Health England:** In 2015, Public Health England (PHE), a leading health agency in the United Kingdom and similar to the FDA found “that using [e-cigarettes are] around 95% safer than smoking,” and that their use “could help reducing smoking related disease, death and health inequalities.”<sup>15</sup> In 2018, the agency reiterated their findings, finding vaping to be “at least 95% less harmful than smoking.”<sup>16</sup>

As recent as February 2021, PHE provided the latest update to their ongoing report on the effects of vapor products in adults in the UK. The authors found that in the UK, e-

cigarettes were the “most popular aid used by people to quit smoking [and] ... vaping is positively associated with quitting smoking successfully.”<sup>17</sup>

**The Royal College of Physicians:** In 2016, the Royal College of Physicians found the use of e-cigarettes and vaping devices “unlikely to exceed 5% of the risk of harm from smoking tobacco.”<sup>18</sup> The Royal College of Physicians (RCP) is another United Kingdom-based public health organization, and the same public group the United States relied on for its 1964 Surgeon General’s report on smoking and health.

**The National Academies of Sciences, Engineering, and Medicine:** In January 2018, the academy noted “using current generation e-cigarettes is less harmful than smoking.”<sup>19</sup>

A 2017 study in *BMJ*’s peer-reviewed journal *Tobacco Control* examined health outcomes using “a strategy of switching cigarette smokers to e-cigarette use ... in the USA to accelerate tobacco control progress.”<sup>20</sup> The authors concluded that replacing e-cigarettes “for tobacco cigarettes would result in an estimated 6.6 million fewer deaths and more than 86 million fewer life-years lost.”

An October 2020 review in the *Cochrane Library Database of Systematic Reviews* analyzed 50 completed studies which had been published up until January 2020 and represented over 12,4000 participants.

The authors found that there was “moderate-certainty evidence, limited by imprecision, that quit rates were higher in people randomized to nicotine [e-cigarettes] than in those randomized to nicotine replacement therapy.” The authors found that e-cigarette use translated “to an additional four successful quitters per 100.” The authors also found higher quit rates in participants that had used e-cigarettes containing nicotine, compared to the participants that had not used nicotine.

Notably, the authors found that for “every 100 people using nicotine e-cigarettes to stop smoking, 10 might successfully stop, compared with only six of 100 people using nicotine replacement therapy or nicotine-free e-cigarettes.”

The substitution of e-cigarettes for combustible cigarettes could also save the state in health care costs.

It is well known that Medicaid recipients smoke at rates of twice the average of privately insured persons, according to the Centers for Disease Control and Prevention (CDC). In 2013, “smoking-related diseases cost Medicaid programs an average of \$833 million per state.”<sup>21</sup>

A 2015 policy analysis by State Budget Solutions examined electronic cigarettes’ effect on Medicaid spending. The author estimated Medicaid savings could have amounted to \$48 billion in 2012 if e-cigarettes had been adopted in place of combustible tobacco cigarettes by all Medicaid recipients who currently consume these products.<sup>22</sup>

A 2017 study by R Street Institute examined the financial impact to Medicaid costs that would occur should a large number of current Medicaid recipients switch from combustible cigarettes to e-cigarettes or vaping devices. The author used a sample size of “1% of smokers [within] demographic groups permanently” switching. In this analysis, the author estimates Medicaid savings “will be approximately \$2.8 billion per 1 percent of enrollees,” over the next 25 years.<sup>23</sup>

Switching from combustible cigarettes to electronic cigarettes and vapor products will also reduce smoking-related health issues and save persons and states money. WalletHub estimated the “true cost of smoking” including “...cost of a cigarette pack per day, health care expenditures, income losses and other costs.”<sup>24</sup> WalletHub estimated the true cost for smoker in Alaska to be \$58,645 per-smoker per-year.

Between 1995 and 2019, among Alaskan adults, current smoking decreased by 30.7 percent. Moreover, there are an estimated 42,470 fewer smokers in 2019, compared to 1995, and 56,259 fewer daily smokers. Using WalletHub figures, this reduction represents nearly \$2.5 billion in yearly savings.

### **Taxes on E-Cigarettes Unlikely to Deter Youth Use**

Many lawmakers have attempted to thwart youth use of electronic cigarettes and vapor products by apply sin taxes to such products. Although addressing youth use is laudable, many youths in Alaska are *not regularly using* e-cigarettes. Further, data from youth surveys indicate that excise taxes don’t reduce youth use of vapor products.

The most recent data on youth tobacco and vapor product use in Alaska comes from the 2019 Youth Risk Behavior Survey.<sup>25</sup> In 2019, 45.8 percent of Alaskan high school students reported ever-trying e-cigarettes, 26.1percent reported past 30-day use, and 4.5 percent reported using vapor products daily.

It is worthy to note that youth combustible cigarette use is at an all-time low. In 2019, 27.5 percent of Alaska high school students reported ever trying cigarettes, a 62 percent decrease from 1995 when 72.1 percent of high school students had tried cigarettes. Further, past 30-day use of combustibles has decreased by 77 percent, from 36.5 percent in 1991, to 8.4 percent in 2019. Daily cigarette use has decreased by 95 percent, from 16 percent of high school students that reported daily cigarette use in 1991 to 0.8 percent in 2019.

Further, there is no data to indicate that youth use of vapor products decreased after implementing taxes on e-cigarettes and indeed, youth vaping has actually increased after other states implemented vapor taxes. Tobacco Harm Reduction 101 examined the effects of vapor taxes in six states. From 2017 to 2019, current e-cigarette use among high school students increased in five states – even with excise taxes imposed on such products.

***Kansas Vapor Tax: \$0.05 per milliliter***

Kansas' tax on e-cigarettes and vapor products went into effect July 1, 2017.<sup>26</sup>

According to Kansas's YRBSS, in 2017, 34.8 percent and 10.6 percent of high school students reported ever and current e-cigarette product use, respectively.<sup>27</sup>

In 2019, ever-use increased by 28.4 percent, to 48.6 percent of Kansas high school students and current e-cigarette use increased by 51.8 percent, to 22 percent of high school students using an e-cigarette on at least one occasion in the 30 days prior.

***Louisiana Vapor Tax: \$0.05 per milliliter***

Louisiana's tax on e-cigarettes and vapor products went into effect August 1, 2015.<sup>28</sup>

According to Louisiana's YRBSS, in 2017, 45.1 percent and 12.2 percent of high school students reported ever and current e-cigarette product use, respectively.<sup>29</sup>

In 2019, ever-use increased by 13.3 percent, to 52 percent of Louisiana high school students and current e-cigarette use increased by 46.7 percent, to 22.9 percent of high school students using an e-cigarette at least one occasion in the 30 days prior.

***North Carolina Vapor Tax: \$0.05 per milliliter***

North Carolina's tax on e-cigarettes and vapor products went into effect July 1, 2015.<sup>30</sup>

According to North Carolina's YRBSS, in 2015, 49.4 percent and 29.6 percent of high school students reported ever and current e-cigarette product use, respectively. In 2017, ever-use decreased by 12 percent, to 44.1 percent of North Carolina high school students and current e-cigarette use decreased by 33.9 percent, to 22.1 percent of high school students using an e-cigarette in the last 30 days.<sup>31</sup>

In 2019, 52.4 percent of high school students reporting having ever used an e-cigarette, this is a 15.8 percent increase from 2017, and a 5.7 percent increase from 2015 rates. Regarding current e-cigarette use, in 2019, 35.5 percent of North Carolina high school students reported using an e-cigarette on at least one occasion in the 30 days prior, this is a 37.7 percent increase from 2017 rates, and a 16.6 percent increase from 2015 rates.

***Pennsylvania Vapor Tax: 40 percent of purchase price***

Pennsylvania's tax on e-cigarettes and vapor products went into effect October 1, 2016.<sup>32</sup>

According to Pennsylvania's YRBSS, in 2015 40.8 percent and 23.1 percent of high school students reported ever and current e-cigarette product use, respectively. In 2017, ever-use increased by 2.4 percent, to 41.8 percent of Pennsylvania high school students, and current e-cigarette use decreased by 104 percent, to 11.3 percent of high school students using an e-cigarette in the last 30 days.<sup>33</sup>

In 2019, 52.6 percent of high school students reporting having ever used an e-cigarette, this is a 20.5 percent increase from 2017, and a 22.4 percent increase from 2015 rates. Regarding current e-cigarette use, in 2019, 24.4 percent of Pennsylvania high school students reported using an e-cigarette on at least one occasion in the 30 days prior, this is a 53.7 percent increase from 2017 rates, and a 5.3 percent increase from 2015 rates.

***West Virginia Vapor Tax: \$0.075 per milliliter***

West Virginia's tax on e-cigarettes and vapor products went into effect July 1, 2016.<sup>34</sup>

According to West Virginia's YRBSS, in 2015, 49.1 percent and 31.2 percent of high school students reported ever and current e-cigarette product use, respectively. In 2017, ever-use decreased by 10.6 percent, to 44.4 percent of West Virginia high school students, and current e-cigarette use decreased by 118.2 percent, to 14.3 percent of high school students using an e-cigarette in the last 30 days.<sup>35</sup>

In 2019, 62.4 percent of high school students reporting having ever used an e-cigarette, this is a 28.8 percent increase from 2017, and a 21.3 percent increase from 2015 rates. Regarding current e-cigarette use, in 2019, 35.7 percent of West Virginia's high school students reported using an e-cigarette on at least one occasion in the 30 days prior, this is a 59.9 percent increase from 2017 rates, and a 12.6 percent increase from 2015 rates.

**Excise Taxes Are Unreliable Sources of Revenue, Burden Low Income Persons**

Existing excise taxes are unreliable revenue sources. Cigarette tax increases result in long-term revenue shortfalls. From 2001 to 2011, "revenue projections were met in only 29 of 101 cases where cigarette/tobacco taxes were increased," according to the National Taxpayer Union Foundation.<sup>36</sup> Moreover, a decline in cigarette consumption caused cigarette tax revenues "to drop by an average of about 1 percent across all states from 2008 to 2016," according to a report by Pew Charitable Trusts.<sup>37</sup> A 2020 report by the Tax Foundation noted that cigarette tax revenue has fallen in all states and considers cigarette tax revenue to be "so unstable."<sup>38</sup>

Indeed, between 1999 and 2019, Alaska collected an estimated \$1.08 billion in cigarette taxes.<sup>39</sup> During the same 20-year period, the Last Frontier increased the tax rate on cigarettes three times, which has not led to a significant increase in revenue in the long-term.

In 2008, Alaska collected \$63.8 million in cigarette tax revenue, a 55.6 percent increase from 2004, when the state collected \$41 million in cigarette taxes. Despite the tax increases, since 2008 Alaska has lost, on average, 3.2 percent of tobacco tax revenues annually. Further, in 2019, Alaska collected only \$44.5 million in cigarette taxes, or only an 8.5 percent increase from 2004 cigarette tax revenue.

Excise taxes are inherently regressive and tend to burden lower income persons. For example, a Cato Journal article found from 2010 to 2011, "smokers earning less than \$30,000 per year spent

14.2 percent of their household income on cigarettes, compared to 4.3 percent for smokers earning between \$30,000 and \$59,999 and 2 percent for smokers earning more than \$60,000.”<sup>40</sup>

Indeed, in 2019, among current adult smokers in Alaska, 66.7 percent reported earning incomes of \$24,999 a year or less. Further, 40.8 percent reported earning less than \$15,000.<sup>41</sup>

### **E-Cigarettes Effective Tools at Helping Military Members Quit Smoking**

The smoking rate among military service members continue to decline as e-cigarette use has increased. According to the Rand Corporation’s Health Related Behaviors Survey: Substance Use Among U.S. Active-Duty, “13.9 percent of service members were current cigarette smokers, and 7.4 percent smoked cigarettes daily.”<sup>42</sup> Among the general population, 16.8 percent of Americans were current smokers, and 12.9 percent were daily smokers.

The finding is significant because military service members now smoke at lower rates than the general population. Historically, smoking rates among service members have been higher than the national average. In 2011, 24.5 percent “of service members reported cigarette use in the past 30 days,” compared to 20.6 percent of civilians.<sup>43</sup>

The Rand analysis also finds a significant portion of military service members use electronic cigarettes, as 35.7 percent reported they have tried e-cigarettes, 12.4 percent reported being current past-month users, and 11.1 percent reported being daily users. These numbers are noteworthy because scant research exists on e-cigarette use among military service members.

For decades, cigarette use has been pervasive across the U.S. military. Cigarettes are not subject to state and local taxes on the vast majority of military installations. In fact, an analysis comparing cigarette prices noted that cigarettes “were 11% - 12% cheaper at on-base retailers compared with off-base retailers.”<sup>44</sup> It is estimated the Department of Defense spends “about \$1.6 billion annually in lost productivity and healthcare expenses” due to tobacco use among military members.<sup>45</sup>

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### **Conclusion and Policy Implications**

- Alaska spends very little of existing tobacco and vapor products taxes on programs to prevent youth use and help adults quit. Between 2000 and 2019, the Last Frontier allocated \$589.2 million toward tobacco control programs, which is only nine percent of the tax revenues and tobacco tax settlement payments in the same period.
- Vapor products have helped millions of American adults quit smoking and are significantly less harmful than combustible cigarettes, as noted by numerous public health groups.
- State lawmakers should refrain from enacting excise taxes on tobacco products that the FDA have deemed as *modified risk tobacco products*. In this distinction, the FDA

recognizes the potential for such products to help adults quit smoking cigarettes, as well as reduce harm exposure.

<sup>1</sup> Centers for Disease Control and Prevention, “BRFSS Prevalence & Trends Data,” 2019, <https://www.cdc.gov/brfss/brfssprevalence/>.

<sup>2</sup> Alaska, Tobacco Harm Reduction 101, <https://www.thr101.org/alaska>.

<sup>3</sup> Vapor Technology Association, “The Economic Impact of the Vapor Industry ALASKA,” 2019, <https://vta.guerrillaeconomics.net/reports/8c07329b-0926-4f52-ab3a-0657a485c917?/>.

<sup>4</sup> Teresa W. Wang et al., “National and State-Specific Unit Sales and Prices for Electronic Cigarettes, United States, 2012-2016,” Preventing Chronic Disease, Centers for Disease Control and Prevention, August 2, 2018, [https://www.cdc.gov/pcd/issues/2018/17\\_0555.htm](https://www.cdc.gov/pcd/issues/2018/17_0555.htm).

<sup>5</sup> Tobacco Control Legal Consortium, “The Master Settlement Agreement: An Overview,” August 2015, p. 1, <http://publichealthlawcenter.org/sites/default/files/resources/tclc-fs-msa-overview-2015.pdf>.

<sup>6</sup> Campaign for Tobacco-Free Kids, “Actual Annual Tobacco Settlement Payments Received by the States, 1998 – 2000,” August 13, 2020, <https://www.tobaccofreekids.org/assets/factsheets/0365.pdf>.

<sup>7</sup> Campaign for Tobacco-Free Kids, “Appendix A: History of Spending for State Tobacco Prevention Programs,” 2021, <https://www.tobaccofreekids.org/assets/factsheets/0209.pdf>.

<sup>8</sup> Brad Rodu, *For Smokers Only: How Smokeless Tobacco Can Save Your Life*, Sumner Books, 1995, p. 103.

<sup>9</sup> American Lung Foundation, “What’s In a Cigarette?,” February 20, 2019, <https://www.lung.org/stop-smoking/smoking-facts/whats-in-a-cigarette.html>.

<sup>10</sup> Centers for Disease Control and Prevention, “Health Effects of Cigarette Smoking,” January 17, 2018, [https://www.cdc.gov/tobacco/data\\_statistics/fact\\_sheets/health\\_effects/effects\\_cig\\_smoking/index.htm](https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/effects_cig_smoking/index.htm).

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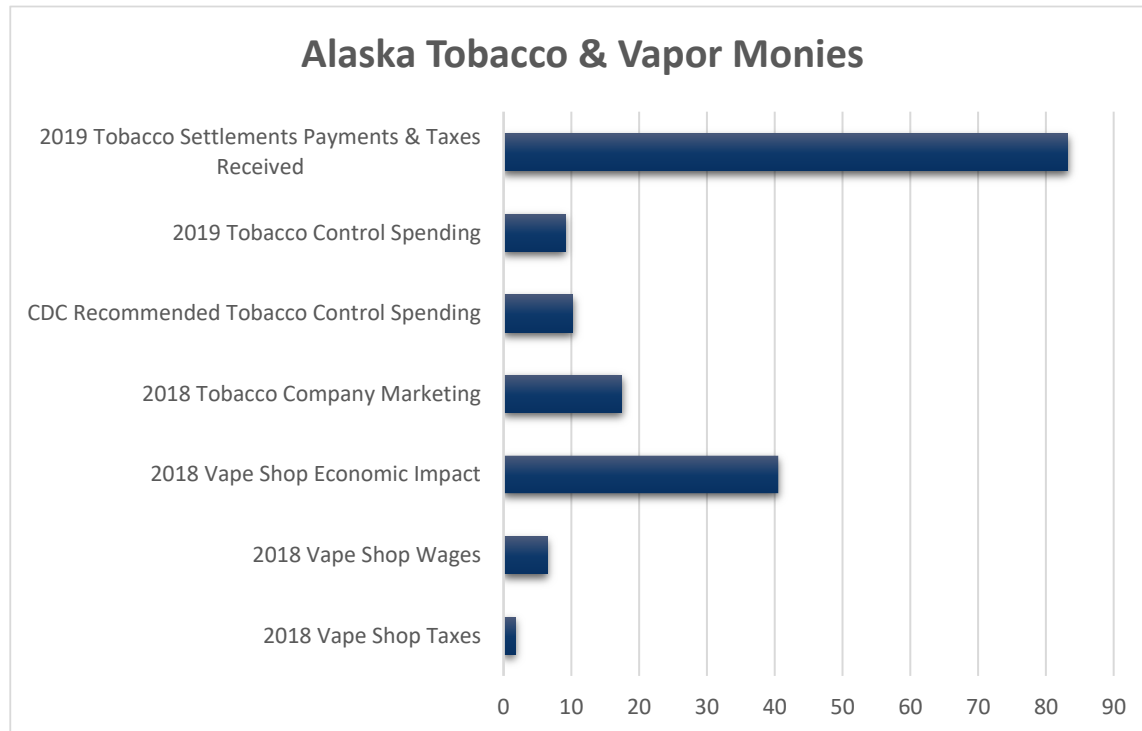
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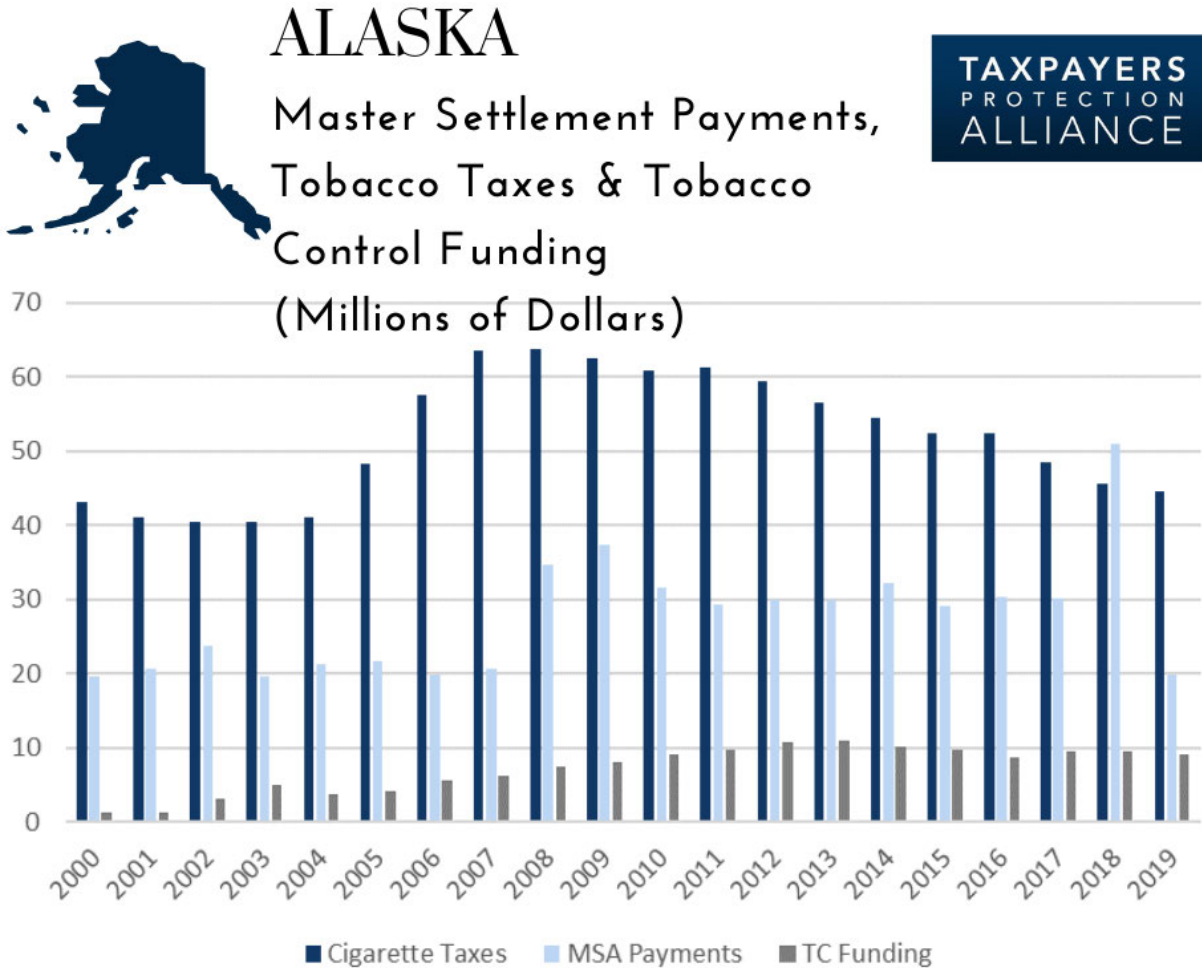
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**1. Supplemental Graph 1; Alaska Tobacco & Vapor Monies**



2. Supplemental Graph 2



Sources: Campaign for Tobacco-Free Kids, Connecticut State Department of Revenue Services  
For more information, contact Lindsey Stroud at [lindsey@protectingtaxpayers.org](mailto:lindsey@protectingtaxpayers.org)

# TOBACCO & VAPING 101: ALASKA



BY: LINDSEY STROUD

Combustible cigarette use among American youth and adults has reached all-time lows, but many policymakers are concerned with the increased use of electronic cigarettes and vapor products, especially among youth and young adults.

This paper examines smoking rates among adults in the Last Frontier, youth use of tobacco and vapor products, and the effectiveness of tobacco settlement payments, taxes, and vapor products on reducing combustible cigarette use.

## TAXPAYERS PROTECTION ALLIANCE

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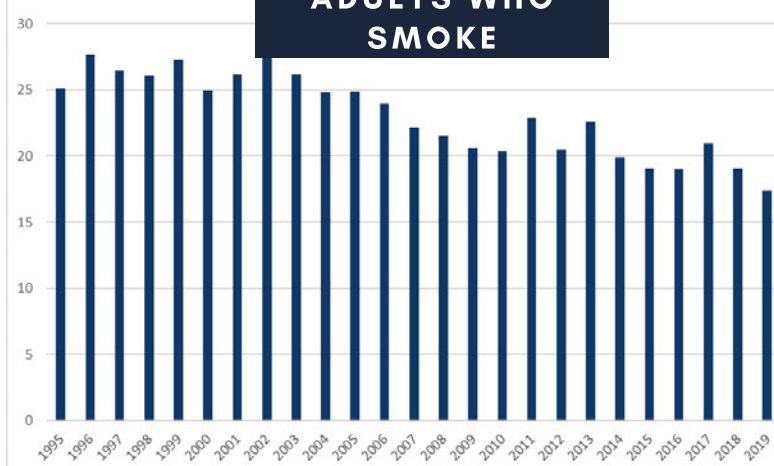
## ADULT SMOKING RATES

In 1995, 25.1 percent<sup>[1]</sup> of Alaskan adults smoked combustible cigarettes, amounting to approximately 151,707 adults.<sup>[2]</sup> In 1995, among all adults, 22.3 percent (134,784 adults) reported smoking every day.

In 2019, 17.4 percent of adults in the Last Frontier were current smokers, amounting to 95,971 smokers. Further, 12.1 percent of Alaskan adults (66,739) were daily smokers in 2019.

Among Alaskan adults, current smoking decreased by 30.7 percent between 1995 and 2019. Moreover, there are there are an estimated 42,470 fewer smokers in 2019, compared to 1995, and 56,259 fewer daily smokers.

PERCENTAGE OF ADULTS WHO SMOKE



**AMONG ALASKAN ADULTS, CURRENT SMOKING DECREASED BY 30.7 PERCENT BETWEEN 1995 AND 2019.**



**YOUTH COMBUSTIBLE CIGARETTE USE HAS DECREASED 77 PERCENT SINCE 1995.**

## YOUTH TOBACCO AND VAPING RATES

The most recent data on youth tobacco and vapor product use in Alaska comes from the 2019 Youth Risk Behavior Survey.<sup>[3]</sup> In 2019, 45.8 percent of Alaskan high school students reported ever-trying e-cigarettes, 26.1 percent reported past 30-day use, and 4.5 percent reported using vapor products daily.

It is worthy to note that youth combustible cigarette use is at an all-time low. In 2019, 27.5 percent of Alaska high school students reported ever trying cigarettes, a 62 percent decrease from 1995 when 72.1 percent of high school students had tried cigarettes. Further, past 30-day use of combustibles has decreased by 77 percent, from 36.5 percent in 1991 to 8.4 percent in 2019. Daily cigarette use has decreased by 95 percent, from 16 percent of high school students that reported daily cigarette use in 1995 to 0.8 percent in 2019.



## CIGARETTE TAX REVENUE

Between 2000 and 2019, Alaska collected an estimated \$1.037 billion in cigarette taxes.[4] During the same 19-year period, the Last Frontier increased the tax rate on cigarettes three times, which has not led to a significant increase in revenue in the long-term.

In 2005, the cigarette tax rate increased by \$0.60 per pack, from \$1.00 to \$1.60. The rate increased by \$0.20 in 2006, to \$1.80 per pack, and increased by \$0.20 again in 2007, to \$2.00 per pack. The final rate is a 100 percent increase from pre-2005 tax rates.

In 2008, Alaska collected \$63.8 million in cigarette tax revenue, a 55.6 percent increase from 2004, when the state collected \$41 million in cigarette taxes. Despite the tax increases, since 2008 Alaska has lost, on average, 3.2 percent of tobacco tax revenues annually. Further, in 2019, Alaska collected only \$44.5 million in cigarette taxes, or only an 8.5 percent increase from 2004 cigarette tax revenue.

***BETWEEN 2000 AND 2019,  
ALASKA COLLECTED AN  
ESTIMATED \$1.037  
BILLION IN TOBACCO  
TAXES.***

## MASTER SETTLEMENT AGREEMENT

In the mid-1990s, Alaska sued tobacco companies to reimburse Medicaid for the costs of treating smoking-related health issues. And, in 1998 with 45 other states, Alaska reached “the largest civil litigation settlement in U.S. history” through the Master Settlement Agreement (MSA).[5]

Under the MSA, states receive annual payments – in perpetuity – from the tobacco companies, while relinquishing future claims against the participating companies. Between 1998 and 2020, Alaska collected \$589.2 million in MSA payments. [6]



***BETWEEN 1998 AND 2020, ALASKA RECEIVED AN  
ESTIMATED \$589.2 MILLION IN MSA PAYMENTS.***

## VERY LITTLE TOBACCO CONTROL FUNDING

Tobacco taxes and tobacco settlement payments are justified to help offset the costs of smoking, as well as prevent youth initiation. Like most states, Alaska spends very little of existing tobacco moneys on tobacco control programs – including education and prevention.

Between 2000 and 2019, Alaska allocated only \$143.9 million towards tobacco control programs. [7] This is only 14 percent of what Alaska collected in cigarette taxes in the same 19-year time span and only 26 percent of MSA payments. In total, in 19 years, Alaska allocated only nine percent of what the state received in tobacco taxes and settlement payments towards tobacco education and prevention efforts.

***IN 19 YEARS, ALASKA  
ALLOCATED ONLY NINE  
PERCENT OF TOBACCO  
SETTLEMENT PAYMENTS  
AND TAXES ON  
PROGRAMS TO PREVENT  
TOBACCO USE.***

## VAPOR PRODUCT EMERGENCE CORRELATES WITH LOWER YOUNG ADULT SMOKING

Electronic cigarettes and vapor products were first introduced to the U.S. in 2007 “and between 2009 and 2012, retail sales of e-cigarettes expanded to all major markets in the United States.”[8] Examining data from the Centers for Disease Control and Prevention’s Behavioral Risk Factor Surveillance Survey finds that e-cigarettes’ market emergence has been more effective than MSA payments in reducing smoking rates among young adults in Alaska.

In 1999, among current adult smokers in Alaska, 38.3 percent were 18 to 24 years old. In 2009, this had decreased by 39.4 percent to 23.2 percent of adult smokers in Alaska being

between 18 to 24 years old. And, 10 years after e-cigarette’s market emergence in 2009, smoking rates among current smokers aged 18 to 24 years old decreased by 39.2 percent. Indeed, in 2019, only 14.1 percent of current smokers were 18 to 24 years old.

Interestingly, e-cigarettes’ market emergence was associated with a larger decline in average annual percent decreases. Between 1998 and 2009, the percentage of current smokers aged 18 to 24 years old decreased on average 1.7 percent each year. Between 2009 and 2019, annual percentage declines average at 4.5 percent.

***10 YEARS AFTER E-CIGARETTES’ MARKET EMERGENCE IN 2009,  
SMOKING RATES AMONG CURRENT SMOKERS AGED 18 TO 24  
YEARS OLD DECREASED BY 39.2 PERCENT.***

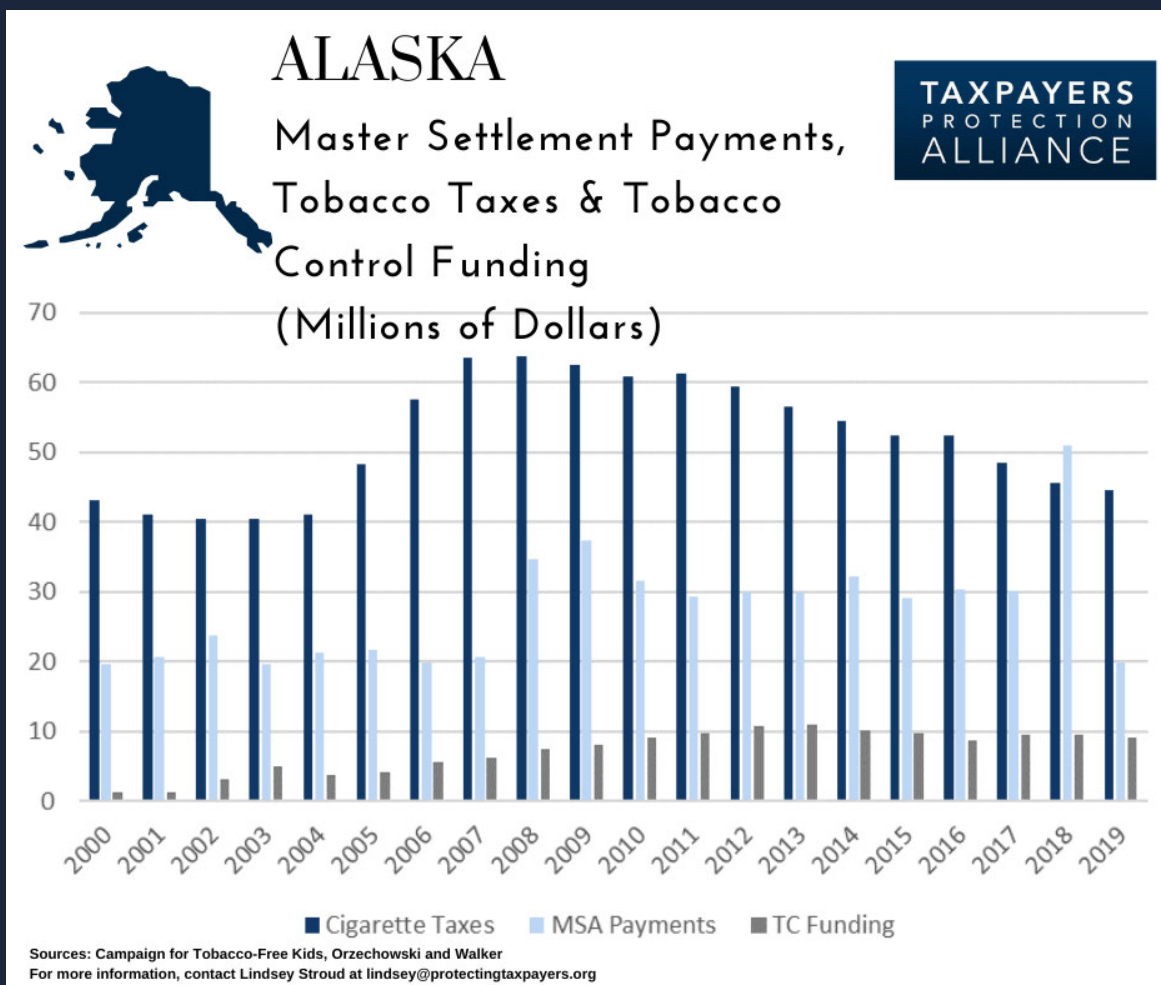
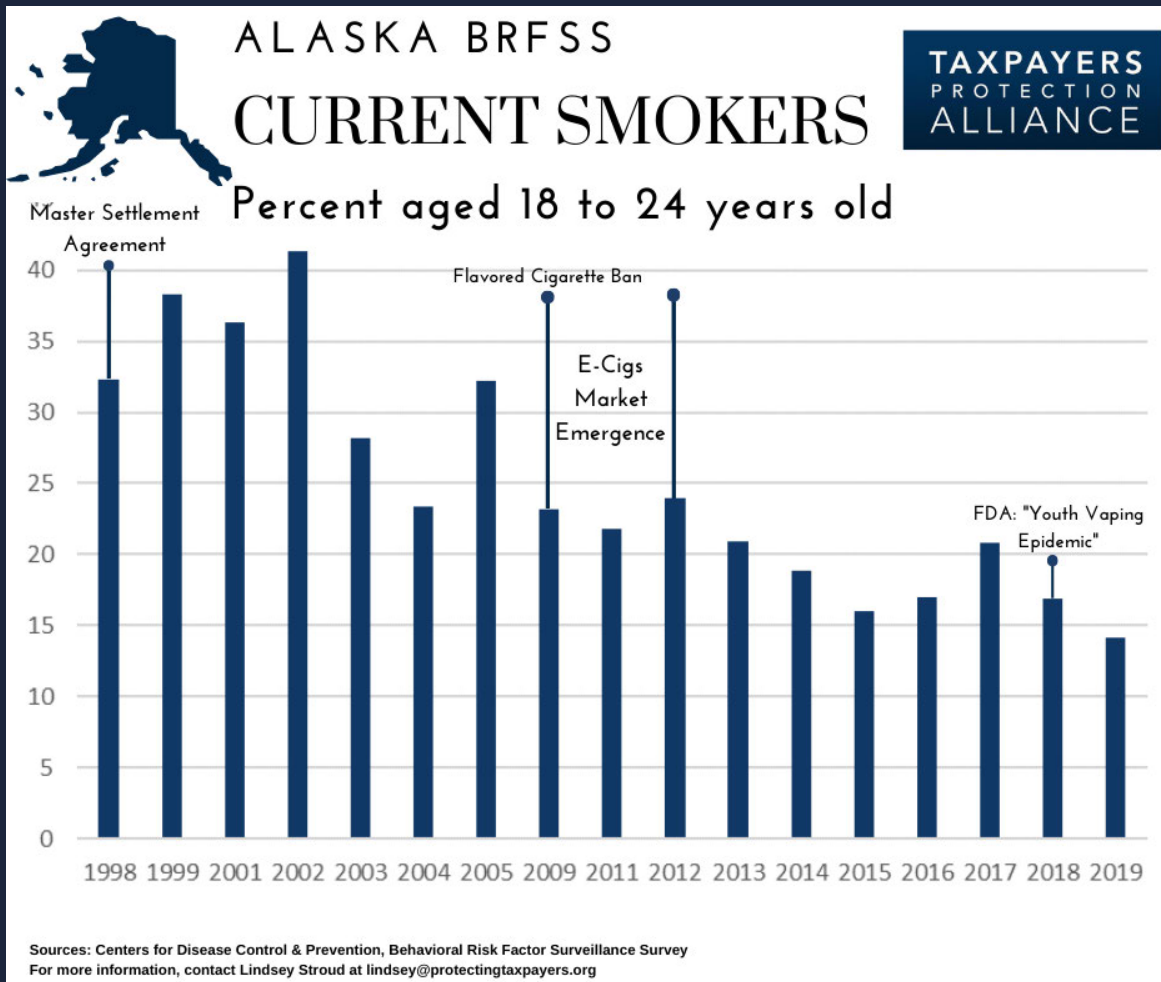
## POLICY IMPLICATIONS:

- In 2019, 17.4 percent of Alaska adults smoked combustible cigarettes, a 30.7 percent decrease from 1995. Youth combustible use has decreased by 77 percent, from 36.5 percent of high school students smoking cigarettes in 1991 to 8.4 percent in 2019.
- Alaska spends very little on tobacco control programs, including prevention and education. In 20 years, the Last Frontier allocated only \$143.9 million toward tobacco control programs. During the same period, Alaska received \$1.08 billion in cigarette tax revenue and \$567.8 million in tobacco tax settlement payments.
- E-cigarettes appear more effective than MSA payments in reducing smoking rates among young adults in Alaska.
- Between 1998 and 2009, the percentage of current smokers aged 18 to 24 years old decreased on average 1.7 percent each year. Between 2009 and 2019, annual percentage declines average at 4.5 percent.



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# ABOUT

**The Taxpayers Protection Alliance (TPA)** is a rapid response taxpayer and consumer group dedicated to analyzing and researching the consequences of government intervention in the economy. TPA examines public policy proposals through a non-partisan focus, identifying how government waste and overreach impacts taxpayers and consumers regardless of the political party responsible. TPA holds government officials in the United States (and around the world) accountable through issue briefs, editorials, statements, coalition letters, public interest comments, and radio and television interviews. TPA recognizes the importance of reaching out to concerned citizens through traditional and new media, and utilizes blogs, videos, and social media to connect with taxpayers and government officials. While TPA regularly publishes exposés and criticisms of politicians of all political stripes, TPA also provides constructive criticism and reform proposals based on market principles and a federalist philosophy. TPA empowers taxpayers and consumers to make their opinions known to their elected and non-elected officials and embraces bold solutions to hold an ever-growing government in check.

**Lindsey Stroud** ([lindsey@protectingtaxpayers.org](mailto:lindsey@protectingtaxpayers.org)) is a policy analyst at TPA. In her role, Stroud focuses on the effects of the policies and regulations on tobacco and vapor products. Prior, Stroud was a state government relations manager at The Heartland Institute, and authored *Tobacco Harm Reduction 101: A Guidebook for Policymakers*. Prior to Heartland, Stroud worked as a staffer for a few state lawmakers. In addition to her role at TPA, Stroud is the creator and manager of Tobacco Harm Reduction 101 ([thr101.org](http://thr101.org)) and an acting board secretary for the Smoke-Free Alternatives Trade Association. Stroud received her Bachelor's of Arts in Government from the College of William and Mary.

Shaun D'Sylva  
[REDACTED]  
Anchorage, AK 99503

April 8, 2021

Dear Members of the House Labor and Commerce Committee

My name is Shaun D'Sylva and I am the co-owner of 3 adult vapor stores located in Fairbanks, Anchorage and Wasilla. I am also an active member of the Alaska Smoke Free Trade Association and co-founder of Clear The Air Alaska an organization dedicated to educating consumers about reducing harm from smoking.

I am urging a no vote on this bill as it would hurt those adults who have switched or are planning on switching off of combustible cigarettes, but imposing tax levels that could discourage them from making a safer choice than combustible cigarettes.

This bill's underlying premise is that we have a youth epidemic, which does not match with the current NYTS 2020 information that shows in just the past 12 months, youth vaping is down and the current usage (defined by 1 use in the past 30 days) is down to 13.3% from. The most current data shows a dramatic decrease in use of nicotine vaping by youth, while the levels of alcohol and THC use are still at about 33% of youth.

[Tobacco Product Use Among Middle and High School Students — United States, 2020 \(cdc.gov\)](https://www.cdc.gov/tobacco/data_statistics/trends/youth_tobacco_use/index.html)

We agree that the T21 portion of the bill makes good sense as all of us in the adult nicotine vaping industry do not condone use of the product by underage users. However, we have heard from our customer base who are military members that they would be impacted by not having access and I would encourage you to provide a carve out for active-duty military members, allowing them to purchase and use adult nicotine vaping products.

Interestingly, over the past couple of years, all of the misinformation regarding vaping and those jurisdictions that have banned flavors or added substantial taxes has actually led to an increase in cigarette sales and now many financial analysts are now saying that the "vaping threat is being eliminated" which is leading them to be bullish on Big Tobacco Stocks. So, if we are driving former smokers who stopped with flavored vaping back to cigarettes, are we actually causing more damage?

[Cigarette Sales Increase as Vaping Bans Push People Back to Smoking | Reason Foundation](https://reason.org/news/stories/cigarette-sales-increase-as-vaping-bans-push-people-back-to-smoking/)

[E-cigarette taxes increase cigarette sales | Ball State University \(bsu.edu\)](https://www.bsu.edu/e-cigarette-taxes-increase-cigarette-sales)

[The impact of a comprehensive tobacco product flavor ban in San Francisco among young adults - ScienceDirect](https://www.sciencedirect.com/science/article/pii/S0306919219300000)

The wholesale tax rate of 75% could actually lead to an increase in the smoking rate and for those of use with stores in Anchorage, Wasilla and Juneau, they effective tax rate would now be 120% of the wholesale cost of products due to local e-cigarette taxes already having been enforced.

Shaun D'Sylva  
[REDACTED]  
Anchorage, AK 99503

This reasons behind this bill are not based on the full scientific picture. Much of the science is being updated almost on a weekly basis and we are finding that there are a lot of misconceptions about vaping, nicotine and the potential harms versus combustible cigarette smoking.

You may have heard about the oft cited Public Health England study that supports the conclusion that vaping nicotine is 95% safer than combustible cigarettes. Here is a link to their original finding: [E-cigarettes around 95% less harmful than tobacco estimates landmark review - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/e-cigarettes-around-95-less-harmful-than-tobacco-estimates-landmark-review) and they update the formation on a yearly basis and have not moved from their current position that this is much better/safer alternative to smoking.

Additionally, the Cochrane review regarding vaping was published in October 2020 which reviews all available data and studies regarding e-cigarettes as to the efficacy of their use in quitting combustible cigarettes. They conclude that nicotine vaping helps current smokers stop at a rate that even exceeds nicotine therapy. [Electronic cigarettes for smoking cessation - Hartmann-Boyce, J - 2020 | Cochrane Library](#)

One of the most well cited negative studies on e-cigarettes causing heart attacks was recently retracted after it was found that the data did not support the analysis completed by Bhatta and Glantz. They were found to have been counting myocardial infarctions that occurred prior to a former smoke switching to e-cigarettes as being caused by e-cigarettes. [Retraction to: Electronic Cigarette Use and Myocardial Infarction Among Adults in the US Population Assessment of Tobacco and Health | Journal of the American Heart Association \(ahajournals.org\)](#)

The American Heart Association just published a study that shows that nicotine vaping users have the same biomarkers as non-smokers. However, they chose to issue a press release that highlighted one of the findings that dual users, combustible cigarette and nicotine vaping at the same time, shows the same biomarkers as cigarettes, which is quite obvious as the users are still smoking. It is this type of fear mongering that is no allowing a rational discussion of the harm reduction possibilities of nicotine vaping.

[Association of Cigarette and Electronic Cigarette Use Patterns With Levels of Inflammatory and Oxidative Stress Biomarkers Among US Adults: Population Assessment of Tobacco and Health Study | Circulation \(ahajournals.org\)](#)

Lastly, the demonization of nicotine is has become the new scare tactic of the anti-harm reduction organizations, but they make no mention of patches, lozenges, gums and prescriptions for smoking cessation that evidently safe for consumers and that in controlled studies with rats, that they would push the lever for more nicotine at the same level as basic saline, whereas they would push the lever for cocaine at 15X the rate as nicotine.

[Rats prefer cocaine over nicotine in a two-lever self-administration choice test - ScienceDirect](#)

[Nicotine: The Addictive Chemical in Tobacco Products | FDA](#)

Shaun D'Sylva



Anchorage, AK 99503

Our industry has always been ready to engage in discussion on how to provide proper regulations with the aim of reducing the smoking rate in adults and prevent access by underage youths, this bill would only push people to underground black markets, consider staying with combustible cigarettes or penalize those who want to choose a safer alternative, when the data shows that our most economically and socially disadvantaged populations will suffer as a result of this bill.

Regards,

A handwritten signature in black ink, appearing to read 'Shaun D'Sylva'.

Shaun D'Sylva

Good afternoon Co-Chairs and members of the committee,

I oppose HB110. It'll be 8 years this year that I have been tobacco free! I used vaping to get off combustible cigarettes. Over the years I believe vaping has improved my life. I have been testifying on this subject since I made the switch, to make sure my community and I have access to life improving products. Flavors, different strength nicotine levels, the help of amazing brick n mortar store employees are a support that helps you, similar to AA for those who are recovering from alcohol. You're more than a number on a phoneline, you're a known face when you come in.

I've been vaping since Dec 2013 when I received my first starter kit for Christmas from my boyfriend's mom, who is a nurse practitioner. I started smoking combustible cigarettes when I was 13. I've noticed differences since I switched to this healthier alternative. As a smoker it was hard to run and play around with my then 9 year old daughter. Once I switched to vaping, I had energy to run and play, as a matter a fact we used to race each other often and I was able to keep up with her! I've been to Zumba classes to have fun dancing around, and I don't hack or feel a need to have a cigarette like I use to, getting the snow machine unstuck is easier now too! I no longer stink like an ashtray and food tastes so different now! I'm not eating more just to cover the smoke taste in my mouth. I started at 12mg in a Protank. I now have a few different set ups and I'm on 3mg! 3mg is lowest nicotine level beside 0mg (zero nicotine). Although I can mix a 3mg with a 0mg and get 1.5mg. It's amazing the harm reduction that I have done for my body and wouldn't have been able to without being introduced to vaping. It was a lifestyle change. I've tried Chantix, gum and patches. I often found myself with nasty cigarette in my hand and patch on my arm. The patch is itchy, the gum tastes horrible and the way the Chantix made me feel was the worst, nausea all the time, the dreams were so intense, suicidal thoughts. Here are a few more side effects of Chantix: depression, changes in mood and thinking, anxiety, panic, aggression, anger, mania, abnormal sensations, hallucinations paranoia and confusion and many other more. None of that is healthy, but is approved by the FDA. Alaskans already have a mental health issue, why add to it?

Chantix is also banned by the FAA and the military!

My boyfriend opened his own store in Fairbanks, AK, because we couldn't find any e liquid or replacement coils for our new devices. We have met so many wonderful people who wanted quit smoking combustible cigarettes for their themselves and their family. So many vaping success stories start with "I have tried many FDA approved ways and nothing worked!" Many of our military customers who have switched to vaping have reported their PT scores have improved!

With the PACT ACT being expanded to include vaping products, shipping vaping products will be a thing of the past. It's already a challenge to get vapor products to Alaska and with the new shipping regulations businesses across the nation are looking for alternative methods to receive inventory. Unlike the internet, we card everyone! Vape shops are the first defense to underage vaping. Vape shops educate customers in battery safety and building safe coils. Dedicated vape shops carry reputable e-liquids! They can tell you everything about the e-liquid and the company they order from! There are many reputable shops around Alaska, everyone is invited to come into a local vape shop or give them a call to become more familiar with vape products and to see what the industry is all about. We are here to educate, support, and offer guidance to all who

look for a healthier alternative! The vaping community is very close knit in Alaska! We support a tobacco free lifestyle! We encourage getting healthy and active again!

I don't agree with changing the age to 21. It is pretty hypocritical to want to be on the same side with federal law, yet we have a lot of pot stores around here. We had military back to Fort Wainwright from Iraq last year who weren't 21. We can send them to a war zone, but not treat them like an adult. Last spring every college student got kicked out of the dorms with no back up plan and they were told you're an adult figure it out. Idaho recently rejected raising the age limit which is 18, Florida is looking at a carve out for active duty military, and other states are remaining at 18 or 19. Changing the age is not necessary. Please protect personal freedoms for all adults, they protect yours.

I don't agree with the 75% wholesale tax. I feel like it would be forcing to go to black market products, or back to traditional cigarettes, because it will be cheaper to smoke cigarettes or make my own, than it will be for a safer healthier alternative. Nicotine has never been recognized as a carcinogen, The Royal College of Physicians in England have published research that proves it is 95% safer than smoking. This tax has been proven to be very regressive. Our local city and borough have both shut down this tax, as had the legislature during the Walker administration. We are currently still in a pandemic, that is hurting small businesses, this tax will hurt small businesses across Alaska even more.

As for shipping, Congress has expanded the PACT ACT essentially shutting down internet sales, restricting shipping abilities to bush communities would cut off their access to healthier alternatives. People are able to bush order alcohol products why couldn't they call and order a vapor product that could potentially save their lives?

I have a solution for revenue. Let's get the Quitline to push accurate information. The state spent \$9 million on the tobacco Quitline the last time I checked. Other countries are taking a whole different approach to this vaping technology. They are encouraging their residents to switch to Vaping by putting Vape stores in hospitals and giving vouchers for starter kits to help smokers make the switch! This is no different than the state giving out patches and other nicotine replacement therapies that have been found to be half as effective in smoking cessation than vaping. Why not support what works? This would also make the Quitline ads more effective in getting smokers to give up combustible products, support local businesses, and get accurate information out to smokers. This will save the state way more money in health care costs incurred from smoking related illness than any tax would bring in

Thank you for your time,

Jessi Walton  
Fairbanks, AK