

The Importance of Increasing Tobacco Taxes at Parity for All Tobacco Products

Increasing tobacco excise taxes is one of the best ways to reduce overall tobaccoⁱ use. It is important that when considering an excise tax increase on any tobacco product, including e-cigarettes, that the tax should be increased on all tobacco products at an equivalent rate to encourage people to quit rather than switch to a cheaper product, and prevent youth from starting to use any tobacco product. In many states, other tobacco products are taxed at a lower rate than cigarettes, making them an appealing alternative for price-sensitive consumers including youth. Other tobacco products (OTPs) include, but are not limited to, moist snuff, nasal snuff, loose-leaf and plug chewing tobacco, snus, dissolvable tobacco products, cigars, pipe tobacco, roll-your-own tobacco, hookah, e-cigarettes, and nicotine pouches.

The Health Effects of Tobacco

Cigarettes: Cigarette smoking causes approximately one out of every five deaths in the U.S., more than 480,000 premature deaths each year^{ii,iii} and exposure to secondhand smoke causes nearly 42,000 deaths among people who do not smoke, including up to 7,300 lung cancer deaths.^{iv,v}



Cigars: People who smoke cigars are four to 10 times more likely to die from lung, laryngeal, oral or esophageal cancers than people who do not smoke.^{vi,vii}



Smokeless Tobacco: Smokeless tobacco can cause oral, esophageal, and pancreatic cancers as well as precancerous lesions of the mouth, gum recession, bone loss around the teeth, tooth staining, and nicotine addiction^{viii} and contains at least 25 cancer causing chemicals.^{ix}



Hookah: People who smoke hookah may be at risk for some of the same diseases as people who smoke cigarettes including cancer of the oral cavity, lung, stomach, and esophagus.^x Secondhand hookah smoke poses equal or greater danger than secondhand cigarette smoke.^{xi}

E-cigarettes: Studies have found e-cigarette use to be associated with various adverse health outcomes, including increased shortness of breath, lung inflammation, respiratory infections, throat and mouth irritation, asthma, increased heart rate and blood pressure and more.^{xii,xiii,xiv,xv}



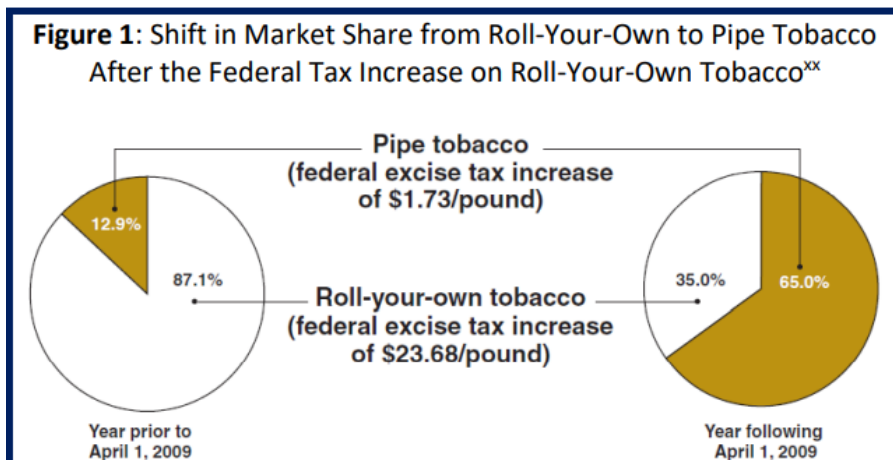
Nicotine Pouches: Nicotine pouches contain nicotine which is addictive. They have been found to also contain other chemicals, including tobacco-specific nitrosamines and toxic chromium, that have been shown to cause harm.^{xvi,xvii}

Tax Increases Should Apply to All Tobacco Products

When different types of tobacco products are taxed at different rates and at different times, lower-taxed products are cheaper than if all tobacco products were taxed at an equivalent rate. **Increasing the tax on all tobacco products to an equivalent rate can generate more new revenue, prevent initiation of these products, and ensure that more people who use tobacco quit instead of switching to a cheaper**

product. What happens when the taxes go up for some, but not all, tobacco products?

- After the 2009 federal tax increase, roll-your-own tobacco was taxed at a much higher rate than pipe tobacco, even though the two products can be used interchangeably. Manufacturers started marketing roll-your-own tobacco as pipe tobacco, and consumers bought the lower-taxed pipe tobacco instead of the higher-taxed roll-your-own tobacco (Figure 1).^{xviii}
- This tax loophole is a lose-lose for the government, because people who switch tobacco products pay lower taxes but continue to have costly health problems.



Federal revenue from the 2009 tax over the first 2.5 years was as much as \$1.1 billion lower than it could have been if there had been equivalent tax increases on all tobacco products. Recent research shows cigarette taxes must increase by a minimum of \$1.00 per pack to have a meaningful public health impact. To maximize revenue and public health, states should establish tax parity between cigarettes and OTP by increasing taxes on all OTP as a percentage of price parallel to the cigarette tax to ensure that states do not lose revenues from people switching from cigarettes to lower-taxed tobacco products, a type of switching which has been common in recent years. For instance, when little cigars are cheaper than cigarettes, little cigars can become more appealing to young people who smoke.

ACS CAN's Position

As states increase taxes on any tobacco product, including e-cigarettes, increasing taxes on cigarettes and all other tobacco products at the same time to achieve tax parity takes on greater importance. ACS CAN urges states to increase the tax on cigarettes by at least \$1 per pack while at the same time increasing the tax on all other tobacco products at a parallel rate. Research shows this is one of the best ways to protect kids from a lifelong addiction and support people who are trying to quit rather than incentivizing lower-priced alternatives.

ⁱ ACS CAN recognizes the important role of ceremonial tobacco for many indigenous communities. This term is intended to address commercial tobacco, not the provision, possession, or use of tobacco products as part of an indigenous practice or other recognized religious or spiritual ceremony or practice. All references to tobacco and tobacco products in this fact sheet refer to commercial tobacco.

ⁱⁱ U.S. Department of Health and Human Services (HHS). *The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General*. Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention (CDC), National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014.

ⁱⁱⁱ CDC. QuickStats: Number of Deaths from 10 Leading Causes — National Vital Statistics System, United States, 2010. *MMWR* 2013; 62(8): 155.

^{iv} Max W., Sung H-Y, and Shi Y. (2012). Deaths from Secondhand Smoke Exposure in the United States: Economic Implications. *American Journal of Public Health*. 2012; 102: 2173-2180.

^v HHS, 2014.

^{vi} American Cancer Society, 2014.

^{vii} American Cancer Society, *Is Any Type of Tobacco Product Safe?* Last Revised: November 12, 2020, accessed February 8, 2024 at <https://www.cancer.org/cancer/risk-prevention/tobacco/is-any-type-of-smoking-safe.html>.

^{viii} American Cancer Society. *Cancer Facts & Figures 2018*. Atlanta, GA: American Cancer Society, 2018.

^{ix} American Cancer Society, *Health Risks of Smokeless Tobacco*, Last Revised: October 28, 2020, accessed February 8, 2024 at <https://www.cancer.org/cancer/risk-prevention/tobacco/health-risks-of-tobacco/smokeless-tobacco.html>.

^x Centers for Disease Control and Prevention. *Smoking & Tobacco Use: Hookahs*. Updated December 1, 2016. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/tobacco_industry/hookahs/index.htm

^{xi} Barnett TE, Curbow BA, Soule EK, et al. "Carbon Monoxide Levels Among Patrons of Hookah Cafes." *American Journal of Preventative Medicine* 2011; 40(3): 324-328.

^{xii} Hajat C, Stein E, Shantikumar S, Niaura R, Ferrara P, Polosa R. A scoping review of studies on the health impact of electronic nicotine delivery systems. *Intern Emerg Med*. 2022;17(1):241-268. doi:10.1007/s11739-021-02835-4.

^{xiii} Kennedy CD, Van Schalkwyk MCI, McKee M, Pisinger C. The cardiovascular effects of electronic cigarettes: A systematic review of experimental studies. *Prev Med*. 2019;127:105770. doi:10.1016/j.ypmed.2019.105770

^{xiv} Chand BR, Hosseinzadeh H. Association between e-cigarette use and asthma: a systematic review and meta-analysis. *J Asthma*. 2022;59(9):1722-1731. doi:10.1080/02770903.2021.1971703

^{xv} Li X, Zhang Y, Zhang R, Chen F, Shao L, Zhang L. Association Between E-Cigarettes and Asthma in Adolescents: A Systematic Review and Meta-Analysis. *Am J Prev Med*. 2022;62(6):953-960. doi:10.1016/j.amepre.2022.01.015

^{xvi} Mallock N, Schulz T, Malke S, et al. Levels of nicotine and tobacco-specific nitrosamines in oral nicotine pouches. *Tobacco Control*. Published Online First: 05 August 2022. doi: 10.1136/tc-2022-057280.

^{xvii} Dongxia Ye, Irfan Rahman, "Emerging Oral Nicotine Products and Periodontal Diseases", *International Journal of Dentistry*, vol. 2023, Article ID 9437475, 7 pages, 2023. <https://doi.org/10.1155/2023/9437475>

^{xviii} U.S. Government Accountability Office. *Large Disparities in Rates for Smoking Products Trigger Significant Market Shifts to Avoid Higher Taxes*, GAO-12-475, April 18, 2012, <http://www.gao.gov/products/GAO-12-475>