

Testimony before the Rhode Island House Health and Human Services Committee Regarding Banning the Sale or Regulating Electronic Cigarettes and Vapor Products Lindsey Stroud, Director, Consumer Center Taxpayers Protection Alliance June 29, 2021

Chairman Casey, Vice-Chairs McLauglin and Donovan, and Members of the Committee:

Thank you for your time today to discuss the issue of regulating the sale and distribution of vapor products. My name is Lindsey Stroud and I am the Director of the Consumer Center at 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 lawmakers attempt to address the critical issue of youth use of age- restricted products, including electronic cigarettes and vapor products, some policymakers are seeking to ban sales of flavored tobacco and vapor products. Although addressing youth use is laudable, policymakers should refrain from policies that would restrict adult access to tobacco harm reduction products, as well as implementing policies that further subvert adult choices, such as is the case with the proposal to ban flavors in tobacco and vapor products.

Tobacco Economics 101: Rhode Island

In 2019, 13.3 percent of adults in the Ocean State were current smokers, amounting to 113,697 smokers in 2019. Further, 8.9 percent of Rhode Island adults (76,083) were daily smokers in 2019. When figuring a pack-per-day habit, over 555.4 million cigarettes were smoked by Rhode Islander adults, or 1.5 million cigarettes per day.

In 2019, Rhode Island imposed a \$4.25 excise tax on a pack of cigarettes.ⁱⁱ In 2019, Rhode Island collected \$118 million in cigarette excise taxes, when figuring for a pack-a-day habit among adults. This amounts \$1,551.25 per smoker per year.

Rhode Island spent \$391,000 on tobacco control programs in 2019, or \$3.44 per smoker per year. This is less than one percent of what the state received in excise taxes in 2019 from Rhode Island adult smokers, based off a pack-a-day habit, and even less than what the state received in total tobacco tax collections in 2019. When figuring amount spent on youth in the state, Rhode Island spent \$1.91 per year for each resident under 18 years of age.

Vapor Economics 101: Rhode Island

Electronic cigarettes and vapor products are not only a harm reduction tool for hundreds of thousands of smokers in the Ocean State, they're also an economic boon.



In 2018, according to the Vapor Technology Association, the industry created 271 direct vaping-related jobs, including manufacturing, retail, and wholesale jobs in Rhode Island, which generated \$8 million in wages alone. Moreover, the industry has created hundreds of secondary jobs in the Ocean State, bringing the total economic impact in 2018 to \$54,082,500. In the same year, Rhode Island received more than \$18 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, sales of these products in Rhode Island eclipsed \$2.2 million. (See Supplemental Graph 1)

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." WalletHub estimated the true cost for smoker in Rhode Island to be \$63,639 per-smoker per-year.

In 1995, 24.7 percent^{vi} of Rhode Island adults smoked combustible cigarettes, amounting to approximately 191,783 adults.^{vii} In 1995, among all adults, 21.3 percent (165,384 adults) reported smoking every day. In 2019, 13.3 percent of adults in the Ocean State were current smokers, amounting to 113,697 smokers. Further, 8.9 percent of Rhode Island adults (76,083) were daily smokers in 2019.

Among Rhode Island adults, current smoking decreased by 46.2 percent between 1995 and 2019. Moreover, there are an estimated 97,455 fewer smokers in 2019, compared to 1995, and 106,003 fewer daily smokers. Using the WalletHub figures, this reduction represents an estimated \$6.2 billion in yearly savings.

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." Examining data from the Centers for Disease Control and Prevention's Behavioral Risk Factor Surveillance Survey finds that e-cigarettes' market emergence has just as effective as MSA payments in reducing smoking rates among young adults in Rhode Island.

In 1998, among current adult smokers in Rhode Island, 29.8 percent were 18 to 24 years old. In 2008, this had decreased by 27.9 percent to 21.5 percent of adult smokers in Rhode Island 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 58.2 percent. Indeed, in 2009, among current smokers in Rhode Island, 17 percent were between 18 to 24 years old. In 2019, only 7.1 percent of current smokers were 18 to 24 years old.

Further e-cigarettes' market emergence was associated with a larger decline in average annual percent decreases among all current smokers. Between 1998 and 2009, the percentage of current



smokers aged 18 to 24 years old *increased* on average 2.3 percent each year. Between 2009 and 2019, annual percentage decreases average at 6.2 percent. (See Supplemental Graph 2)

Tobacco and Vapor Product Use Among Rhode Island Youth

In 2019, according to the Centers for Disease Control and Prevention's Youth Risk Behavior Survey (YRBS), 48.9 percent of Rhode Island high school students reported ever using an ecigarette or vapor products. ^{ix} This is far less than the national average for 2019 at 50.1 percent of high school students reported having ever tried an e-cigarette. Further, in 2019, only 30.1 percent of Rhode Island high school students reported current use of e-cigarettes, or they had used an e-cigarette on at least one occasion in the 30 days prior to the survey. Only 7.3 percent of Connecticut high schoolers reported daily e-cigarette use.

In 2019, among all Rhode Island high school students, only 4.5 percent reported "flavors" as a reason for use. Conversely, 12.5 percent reported using vapor products because a "friend or family member used them," and 15.9 percent cited "some other reason." **i

It is worthy to note that youth combustible cigarette use is at an all-time low. In 2019, 17.5 percent of Rhode Island high school students reported ever trying cigarettes, a 74.7 percent decrease from 1997 when 69.1 percent of high school students had tried cigarettes. Further, past month use of combustibles has decreased 88.1 percent from 35.4 percent in 1997 to 4.2 percent in 2019. Daily cigarette use has decreased 90 percent from 16 percent of high school students that reported daily cigarette use in 1997 to 1.6 percent in 2019. (See Supplemental Graph 3)

Flavors and Youth E-Cigarette Use

Despite media alarmism, many American high school students are not overwhelmingly using vapor products due to flavors. Indeed, in analyses of state youth tobacco use surveys, other factors including social sources are most often cited among youth for reasons to use e-cigarettes and vapor products.

In 2017, among Hawaiian high school students that had ever used e-cigarettes, 26.4 percent cited flavors as a reason for e-cigarette use, compared to 38.9 percent that reported "other." viii

According to results from the 2018 YRBS, Maryland high school students reported using flavored vapor products, but flavors weren't overwhelmingly cited by e-cigarette users as a reason for use. When asked about the "main reason" Maryland high school users used flavors only 3.2 percent responded "flavors." Conversely, 13 percent reported because "friend/family used them," 11.7 percent reported "other," and 3.8 percent reported using e-cigarettes because they were less harmful than other tobacco products.

In 2019, among all Montana high school students, only 7 percent reported using vapor products because of flavors, compared to 13.5 percent that reported using e-cigarettes because of "friend



or family member used them."xiv Further, 25.9 percent of Montana high school students reported using vapor products for "some other reason."

In 2019, among all students, only 4.5 percent of Rhode Island high school students claimed to have used e-cigarettes because they were available in flavors, while 12.5 cited the influence of a friend and/or family member who used them and 15.9 percent reported using e-cigarettes "for some other reason." xv

In 2017, among current e-cigarette users, only 17 percent of Vermont high school students reported flavors as a reason to use e-cigarettes. Comparatively, 35 percent cited friends and/or family members and 33 percent cited "other." vii

In 2019, among high school students that were current e-cigarette users, only 10 percent of Vermont youth that used e-cigarettes cited flavors as a primary reason for using e-cigarettes, while 17 percent of Vermont high school students reported using e-cigarettes because their family and/or friends used them.^{xvii}

Lastly, in 2017, among all Virginia high school students, only 6.2 percent reported using ecigarettes because of flavors, while 11.3 percent used them because a friend and/or family member used them. *viii In 2019, among all Virginia high school students, only 3.9 percent reported using e-cigarettes because of flavors, 12.1 used for some other reason, and 9.6 used them because of friends and/or family members. *xix* (See Supplemental Graph 4)

Effects of Flavor Bans

Flavor bans have had little effect on reducing youth e-cigarette use and may lead to increased combustible cigarette rates, as evidenced in San Francisco, California.^{xx}

In April 2018, a ban on the sale of flavored e-cigarettes and vapor products went into effect in San Francisco and in January, 2020, the city implemented a full ban on any electronic vapor product. Unfortunately, these measures have failed to lower youth tobacco and vapor product use.

Data from an analysis of the 2019 Youth Risk Behavior Survey show that 16 percent of San Francisco high school students had used a vapor product on at least one occasion in 2019 – a 125 percent increase from 2017 when 7.1 percent of San Francisco high school students reported using an e-cigarette. xxi Daily use more than doubled, from 0.7 percent of high school students in 2017, to 1.9 percent of San Francisco high school students reporting using an e-cigarette or vapor product every day in 2019.

Worse, despite nearly a decade of significant declines, youth use of combustible cigarettes seems to be on the rise in Frisco. In 2009, 35.6 percent of San Francisco high school students reported ever trying combustible cigarettes. This figure continued to decline to 16.7 percent in 2017. In 2019, the declining trend reversed and 18.6 percent of high school students reported ever trying a



combustible cigarette. Similarly, current cigarette use increased from 4.7 percent of San Francisco high school students in 2017 to 6.5 percent in 2019.

An April 2020 study in *Addictive Behavior Reports* examined the impact of San Francisco's flavor ban on young adults by surveying a sample of San Francisco residents aged 18 to 34 years. **XXIII Although the ban did have an effect in decreasing vaping rates, the authors noted "a significant increase in cigarette smoking" among participants aged 18 to 24 years old.

Other municipal flavor bans have also had no effect on youth e-cigarette use. *xiii For example, Santa Clara County, California, banned flavored tobacco products to age-restricted stores in 2014. Despite this, youth e-cigarette use *increased*. In the 2015-16 California Youth Tobacco Survey (CYTS), 7.5 percent of Santa Clara high school students reported current use of e-cigarettes. In the 2017-18 CYTS, this *increased* to 10.7 percent.

Menthol Bans Have Little Effect on Smoking Rates, Lead to Black Markets, Lost Revenue and Will Create Racial Tension

Beyond e-cigarettes, policymakers' fears about the role of menthol and flavorings in cigarettes and cigars are overblown and banning these products will likely lead to black markets.

Data from the National Health Interview Survey (NHIS) finds nearly a third of all American adult smokers smoke menthol cigarettes. In a 2015 NHIS survey, "of the 36.5 million American adult smokers, about 10.7 million reported that they smoked menthol cigarettes," and white menthol smokers "far outnumbered" the black and African American menthol smokers. **xxiv*

Although lawmakers believe banning menthol cigarettes will deter persons from smoking those, such a ban will likely lead to black markets. A 2012 study featured in the journal *Addiction* found a quarter of menthol smokers surveyed indicated they would find a way to purchase, even illegally, menthol cigarettes should a menthol ban go into place. Further, there is little evidence that smokers would actually quit under a menthol ban. A 2015 study in *Nicotine & Tobacco Research* found only 28 percent of menthol smokers would give up cigarettes if menthol cigarettes were banned. *xxvi*

Moreover, there is no evidence to suggest that menthol cigarettes lead to youth tobacco use. Analysts at the Reason Foundation examined youth tobacco rates and menthol cigarette sales. The authors of the 2020 report found that states "with more menthol cigarette consumption relative to all cigarettes have *lower* rates of child smoking." Indeed, the only "predictive relationship" is between child and adult smoking rates, finding that "states with higher rates of adult use cause higher rates of youth use."

With certainty, a ban on flavored tobacco and vapor products would lead to a loss of revenue without decreasing smoking rates as menthol smokers in Connecticut are likely to travel to neighboring states to purchase menthol products. This has been demonstrated in Massachusetts,



which banned the sale of flavored tobacco and vapor products, including menthol cigarettes and took effect June 1, 2020.

An analysis by the Tax Foundation found that "Massachusetts' flavor ban has not limited use, just changed where Bay Staters purchase cigarettes." The analysis noted that sales of cigarette tax stamps in the Northeast "have stayed remarkably stable," and that "Massachusetts sales plummeted, but only because those sales went elsewhere."

The Tax Foundation's analysis found that sales of cigarettes "skyrocketed" in New Hampshire and Rhode Island – growing 55.8 percent and 56 percent, respectively, between June 2019 and June 2020.

Lawmakers should take note that menthol sales bans will strain minority communities. Although white Americans smoke more menthol cigarettes than black or African Americans, "black smokers [are] 10-11 times more likely to smoke" menthol cigarettes than white smokers. **xxix**

Given African Americans' preference for menthol cigarettes, a ban on menthol cigarettes would force police to further scrutinize African Americans and likely lead to unintended consequences.

A 2015 analysis from the National Research Council examined characteristics in the illicit tobacco market. The researchers found that although lower income persons were less likely to travel to purchase lower-taxed cigarettes, "having a higher share of non-white households was associated with a lower probability of finding a local tax stamp" and "neighborhoods with higher proportions of minorities are more likely to have formal or informal networks that allow circumvention of the cigarette taxes."

Lawmakers in Rhode Island should reexamine the case of Eric Garner, a man killed in 2014 while being arrested for selling single cigarettes in the city. In a 2019 letter to the New York City council, Garner's mother, as well as Trayvon Martin's mother, implored officials to "pay very close attention to the unintended consequences of a ban on menthol cigarettes and what it would mean for communities of color."xxxi Both mothers noted that a menthol ban would "create a whole new market for loosies and re-introduce another version of stop and frisk in black, financially challenged communities."

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 determined 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. There are an estimated 600 ingredients in each tobacco cigarette, and "when burned, [they] create more than 7,000 chemicals." 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. Taxaiv



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" approaches.

During the past 30 years, the tobacco harm reduction (THR) approach has successfully helped millions of smokers transition to less-harmful alternatives. THRs include 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.

In fact, an estimated 10.8 million American adults were using electronic cigarettes and vapor products in 2016. **xxv* Of the 10.8 million, only 15 percent, or 1.6 million adults, were neversmokers, indicating that e-cigarettes are overwhelmingly used by current and/or former smokers.

E-Cigarettes and Vapor Products 101

E-cigarettes were first introduced in the United States in 2007 by a company called Ruyan. xxxvi 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." 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 cigalikes, "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). **xxxviii** 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, 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." In 2018, the agency reiterated their findings, finding vaping to be "at least 95% less harmful than smoking." In 2018, the agency reiterated their findings of the same than the smoking than smoking." In 2018, the agency reiterated their findings of the same than the sam

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, ecigarettes were the "most popular aid used by people to quit smoking [and] ... vaping is positively associated with quitting smoking successfully."^{xli}

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." 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." xliii

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." 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 more than 12,400 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."



Wasted Tobacco Dollars

Between 2000 and 2019, Rhode Island collected an estimated \$2.326 billion in cigarette taxes. xlv During the same 19-year period, the Ocean State increased the cigarette tax eight times; in 2001, 2002, 2003, 2004, 2009, 2012, 2015 and 2017.

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

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, Rhode Island collected \$1.043 billion in MSA payments. xlviii

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

Between 2000 and 2019, Rhode Island allocated only \$25.9 million in state funds towards tobacco control programs. XIVIII This is 1.1 percent of what Rhode Island collected in cigarette taxes in the same 19-year time span and only 2.7 percent of MSA payments. In total, in 19 years, Rhode Island allocated approximately 0.008 percent of what the state received in tobacco taxes and settlement payments towards tobacco education and prevention efforts. (See Supplemental Graph 5)

Conclusion & Policy Recommendations:

Allowing for the sale and regulation of flavored tobacco harm reduction products is a positive step towards tobacco harm reduction.

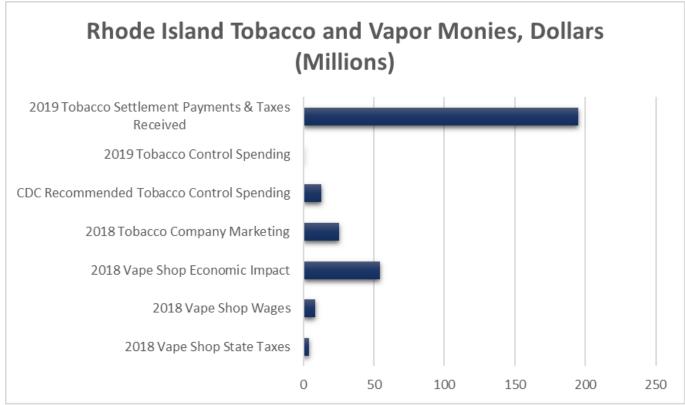
- To address youth use of age-restricted products, as well as adult use of deadly combustible cigarettes, Rhode Island must allocate additional funding from revenue generated from existing excise taxes and settlement payments.
- Between 2000 and 2019, Rhode Island allocated only \$25.9 million in state funds towards tobacco control programs. This is 1.1 percent of what Rhode Island collected in cigarette taxes in the same 19-year time span and only 2.7 percent of MSA payments.
- E-cigarettes were more effective than taxes and/or tobacco settlement payments in reducing smoking rates among young adults. 10 years after suing tobacco companies, smoking rates decreased among 18- to 24-year-olds by only 27.9 percent. And, 10 years after e-cigarettes market emerge in 2009, smoking rates among adults aged 18 to 24 years old decreased by 58.2 percent.



- Rhode Island education and health departments must work with tobacco and vapor product retailers to ensure there are no sales of age-restricted products to minors. Any solution to address such strategies must include all actors not only proponents of draconian prohibitionist policies.
- Lawmakers' must face the reality of a larger illicit market in the wake of a ban on flavored tobacco and vapor products prohibition does not automatically translate into reduced use, just different markets.

Supplemental Graphs

1. Rhode Island Tobacco and Vapor Monies





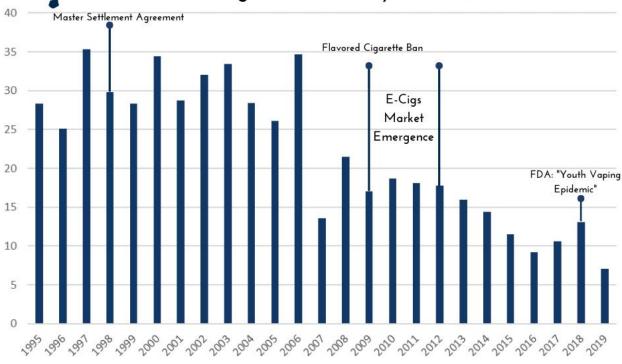
2. Young Adult Smoking Rates and E-Cigarette Market Emergence



RHODE ISLAND BRESS CURRENT SMOKERS



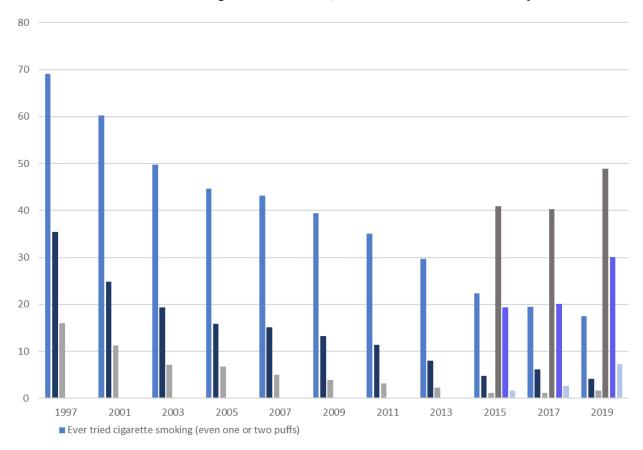
Percent aged 18 to 24 years old



Sources: Centers for Disease Control & Prevention, Behavioral Risk Factor Surveillance Survey For more information, contact Lindsey Stroud at lindsey@protectingtaxpayers.org



3. Youth Tobacco and Vapor Product Use, Youth Risk Behavior Survey



- Currently smoked cigarettes (on at least 1 day during the 30 days before the survey)
- Currently smoked cigarettes daily (on all 30 days during the 30 days before the survey)
- Ever used electronic vapor products (including e-cigarettes, vapes, vape pens, e-cigars, e-hookahs, hookah pens, and mods)
- Currently used electronic vapor products (including e-cigarettes, vapes, vape pens, e-cigars, e-hookahs, hookah pens, and mods, on at least 1 day during the 30 days before the survey)
- Currently used electronic vapor products daily (including e-cigarettes, vapes, vape pens, e-cigars, e-hookahs, hookah pens, and mods, on all 30 days during the 30 days before the survey)



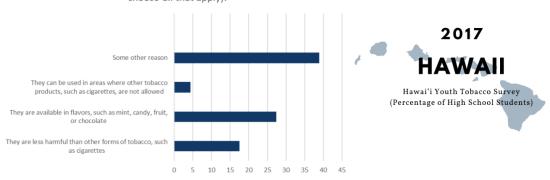
4. Reasons for Youth E-Cigarette Use, State Youth Risk Behavior Surveys

TAXPAYERS PROTECTION ALLIANCE REASONS FOR E-CIG USE

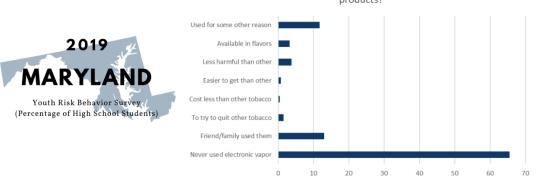




Reasons for e-cigarette use (among ever e-cigarette users, choose all that apply):



What is the main reason you have used electronic vapor products?



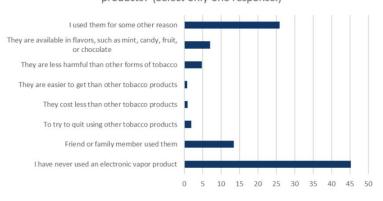
Source: World Health Organization



TAXPAYERS PROTECTION ALLIANCE

REASONS FOR E-CIG USE

What is the main reason you have used electronic vapor products? (Select only one response.)



2019 MONTANA

Youth Risk Behavior Survey (Percentage of High School Students)

2019

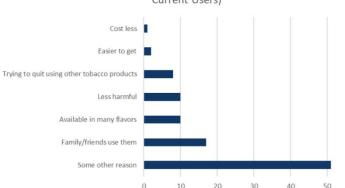
Youth Risk Behavior Survey (Percentage of High School Students)

RHODE ISLAND

products? Used for some other reason Available in flavors Less harmful than other Easier to get than other Cost less than other tobacco To try to quit other tobacco Friend/family used them Never used electronic vapor 10 20 30 40 50 60 70

What is the main reason you have used electronic vapor

Primary Reason for Using Electronic Vapor Products (Among Current Users)



2019

VERMONT

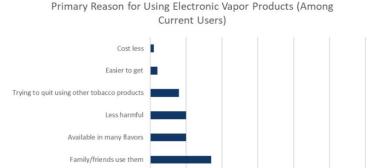
Youth Risk Behavior Survey (Percentage of High School Students)



TAXPAYERS PROTECTION ALLIANCE

REASONS FOR E-CIG USE





10

20

40

60

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Some other reason

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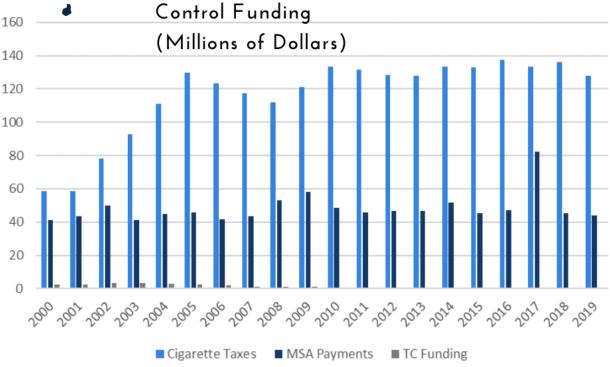
5. Tobacco Taxes, Settlement Payments, Tobacco Control Funding



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Master Settlement Payments, Tobacco Taxes & Tobacco





Sources: Sources: Campaign for Tobacco-Free Kids, Orzechowski and Walker For more information, contact Lindsey Stroud at lindsey@protectingtaxpayers.org



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TOBACCO & VAPING 101: RHODE ISLAND





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 Ocean State, youth use of tobacco and vapor products, and the effectiveness of tobacco settlement payments, taxes, and vapor products on reducing combustible cigarette use.

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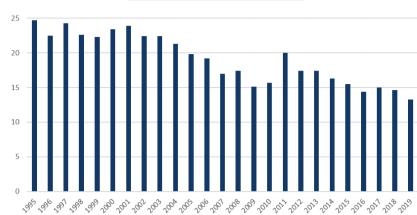
ADULT SMOKING RATES

In 1995, 24.7 percent[1] of Rhode Island adults smoked combustible cigarettes, amounting to approximately 191,783 adults.[2] In 1995, among all adults, 21.3 percent (165,384 adults) reported smoking every day.

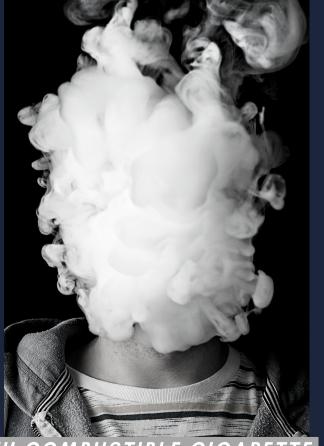
In 2019, 13.3 percent of adults in the Ocean State were current smokers, amounting to 113,697 smokers. Further, 8.9 percent of Rhode Island adults (76,083) were daily smokers in 2019.

Among Rhode Island adults, current smoking decreased by 46.2 percent between 1995 and 2019. Moreover, there are an estimated 97,455 fewer smokers in 2019, compared to 1995, and 106,003 fewer daily smokers.

PERCENTAGE OF ADULTS WHO SMOKE



AMONG RHODE ISLAND ADULTS, CURRENT SMOKING DECREASED BY 46.2 PERCENT BETWEEN 1995 AND 2019.



YOUTH COMBUSTIBLE CIGARETTE USE HAS DECREASED 88.1 PERCENT SINCE 1997.

YOUTH TOBACCO AND VAPING RATES

The most recent data on youth tobacco and vapor product use in Rhode Island comes from the 2019 Youth Risk Behavior Survey.[3] In 2019, 48.9 percent of Rhode Island high school students reported ever trying e-cigarettes, 30.1 percent reported past month use, and 7.3 percent reported using vapor products daily.

It is worthy to note that youth combustible cigarette use is at an all-time low. In 2019, 17.5 percent of Rhode Island high school students reported ever trying cigarettes, a 74.7 percent decrease from 1997 when 69.1 percent of high school students had tried cigarettes. Further, past month use of combustibles has decreased 88.1 percent from 35.4 percent in 1997 to 4.2 percent in 2019. Daily cigarette use has decreased 90 percent from 16 percent of high school students that reported daily cigarette use in 1997 to 1.6 percent in 2019.



CIGARETTE TAX REVENUE

Between 2000 and 2019, Rhode Island collected an estimated \$2.326 billion in cigarette taxes.[4] During the same 19-year period, the Ocean State increased the cigarette tax eight times; in 2001, 2002, 2003, 2004, 2009, 2012, 2015 and 2017.

Although the increased tax rates have resulted in revenue increases, these increases are only seen in the short term as fewer Rhode Island adults smoke over time. For example, in 2018, Rhode Island collected an estimated \$136.4 million in cigarette taxes, a 2.1 percent increase from 2017's revenues. But, this was an 0.9 percent decrease from 2016's revenue. Moreover, in 2019, Rhode Island collected only \$127.8 million in cigarette tax revenues, a 6.3 percent decrease from 2018's revenue.

BETWEEN 2000 AND 2019, RHODE ISLAND COLLECTED AN ESTIMATED \$2.326 BILLION IN CIGARETTE TAXES.

MASTER SETTLEMENT AGREEMENT

In the mid-1990s, Rhode Island sued tobacco companies to reimburse Medicaid for the costs of treating smoking-related health issues. And, in 1998 with 45 other states, Rhode Island 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, Rhode Island collected \$1.043 billion in MSA payments.[6]



BETWEEN 1998 AND 2020, RHODE ISLAND RECEIVED AN ESTIMATED \$1.043 BILLION 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, Rhode Island spends very little of existing tobacco moneys on tobacco control programs – including education and prevention.

Between 2000 and 2019, Rhode Island allocated only \$25.9 million in state funds towards tobacco control programs. [7] This is 1.1 percent of what Rhode Island collected in cigarette taxes in the same 19-year time span and only 2.7 percent of MSA payments. In total, in 19 years, Rhode Island allocated approximately 0.008 percent of what the state received in tobacco taxes and settlement payments towards tobacco education and prevention efforts.

IN 19 YEARS, RHODE
ISLAND ALLOCATED ONLY
0.008 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 ecigarettes 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 Rhode Island.

In 1998, among current adult smokers in Rhode Island, 29.8 percent were 18 to 24 years old. In 2008, this had decreased by 27.9 percent to 21.5 percent of adult smokers in Rhode Island being between 18 to 24 years old. And, 10 years

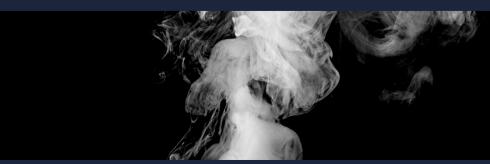
after e-cigarette's market emergence in 2009, smoking rates among current smokers aged 18 to 24 years old decreased by 58.2 percent. Indeed, in 2009, among current smokers in Rhode Island, 17 percent were between 18 to 24 years old. In 2019, only 7.1 percent of current smokers were 18 to 24 years old.

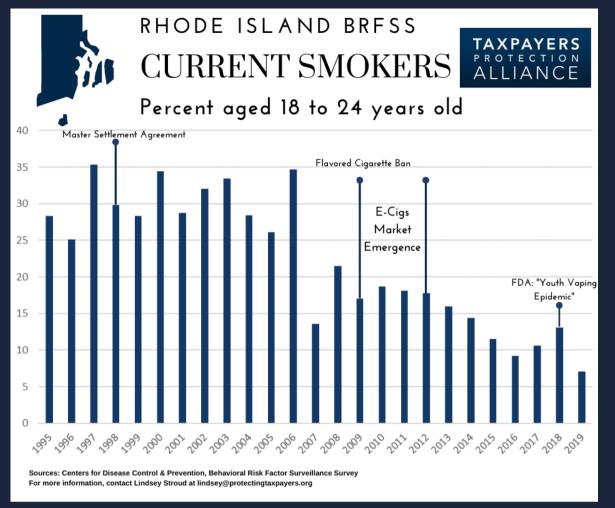
Further e-cigarettes' market emergence was associated with a larger decline in average annual percent decreases among all current smokers. Between 1998 and 2009, the percentage of current smokers aged 18 to 24 years old increased on average 2.3 percent each year. Between 2009 and 2019, annual percentage decreases average at 6.2 percent.

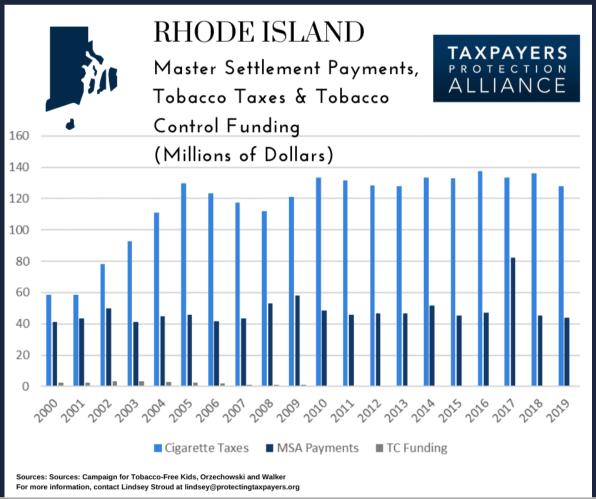
10 YEARS AFTER E-CIGARETTES' MARKET EMERGENCE IN 2009, SMOKING RATES AMONG CURRENT SMOKERS AGED 18 TO 24 YEARS OLD DECREASED BY 58.2 PERCENT.

POLICY IMPLICATIONS:

- In 2019, 13.3 percent of Rhode Island adults smoked combustible cigarettes, a 46.2 percent decrease from 1995. Youth combustible use has decreased by 88.1 percent from 35.4 percent of high school students smoking cigarettes in 1997 to 4.2 percent in 2019.
- Rhode Island spends very little on tobacco control programs, including prevention and education. In 19 years, the Ocean State allocated only \$25.9 million toward tobacco control programs. During the same period, Rhode Island received an estimated \$2.326 billion in cigarette tax revenue and \$967.1 million in tobacco tax settlement payments.
- E-cigarettes appear more effective than MSA payments in reducing smoking rates among young adults in Rhode Island.
- 10 years after the MSA, smoking rates decreased among 18- to 24-year-olds by 27.9 percent. And, 10 years after e-cigarettes market emergence, smoking rates among 18 to 24 years old decreased by 58.2 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.

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