



American Heart Association.



Celebrating 120 Years of Impact



Rhode Island RISAS Student Assistance Services

TOBACCO ~~eighteen~~ twenty-one



RHODE ISLAND PUBLIC HEALTH INSTITUTE

March 5, 2024

The Honorable Marvin Abney, Chair
House Committee on Finance
Rhode Island House of Representatives
82 Smith Street
Providence, RI 02903

**SUBJECT: House Bill 7225
Article 6
Sections 3, 6, 16-20 – Electronic Nicotine-Delivery System Products
Sections 14 and 15 – Cigarette Tax**

Dear Chair Abney and Members of the Committee:

Thank you for the opportunity to submit testimony on Governor McKee’s FY25 Budget. Our organizations appreciate the Governor’s attention to the critical issue of tobacco prevention, control, and enforcement. **We support the Governor’s proposals in Article 6 but ask the committee to consider a higher cigarette tax increase.**

The Toll of Tobacco in Rhode Island¹

The toll of tobacco remains high in Rhode Island. According to the Campaign for Tobacco-Free Kids, 11.8% of adults in the state smoke, 3.0% of high school students smoke, and 17.8% of high school students use electronic cigarettes. These numbers are all higher than the national averages.

Sadly, 1,800 family members, friends, neighbors, and fellow Rhode Islanders die each year from their own smoking. Beyond the human toll, annual health care costs in Rhode Island directly caused by smoking total \$744 million – including an estimated \$233 million in Medicaid costs.

Tobacco Tax Increases Save Lives, Reduce Health Care Costs, and Raise Revenue

Article 6 would impose a tax on electronic cigarettes/Electronic Nicotine Delivery Systems (ENDS) at a rate of 80% of the wholesale cost, which would raise an estimated \$3.2 million in general revenue in FY25. This is in line with the current 80% wholesale tax on other tobacco products (OTP). The article would also increase the cigarette tax from \$4.25 to \$4.50 per pack, which would raise an estimated \$2.4 million in general revenue in FY25.

Increasing the price of tobacco leads to lower tobacco use, especially among young adults.ⁱⁱ In addition, evidence indicates interventions that increase the unit price of tobacco products generate substantial health care cost savings over the short to medium term and can generate additional gains from improved workplace productivity.ⁱⁱⁱ

As states consider tobacco tax increases, it is important to achieve **tax parity** for all tobacco products including cigarettes, electronic cigarettes, pipe tobacco, cigars, snus, hookah, and all other smokeless tobacco products. Unless tax rates are consistent across tobacco products the lesser cost products become cheaper alternatives which cause people to switch products rather than stop using tobacco products. By increasing the tax on all tobacco products to an equivalent rate, states can help reduce tax evasion, 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. **To that end, we urge the committee to consider a \$1.00 increase in the cigarette tax to \$5.25 per pack, which will be closer to parity with the proposed 80% wholesale tax on ENDS and existing 80% wholesale tax on OTP.**

As the committee considers new and increased taxes on tobacco products, we ask that revenue be dedicated to tobacco prevention, cessation, and enforcement programs that remain woefully underfunded in our state.

Tobacco Retailer Licensing and Enforcement

The Governor proposes transferring ENDS licensing from the Department of Health to the Division of Taxation. This would **centralize all tobacco product licensing** at the Division of Taxation. The Department of Health lacks the infrastructure and staffing needed to enforce ENDS policies. A shift in authority is needed to ensure compliance with current laws and regulations.

Tobacco retail licensure is an effective tobacco control tool. It sets a standard for how these businesses operate and allows governments to monitor where tobacco products are being sold and who they are being sold to. Places with stronger retail licensure requirements have lower rates of cigarette and electronic cigarette use and initiation among both youth and young adults.^{iv}

Along with the transfer of ENDS licensing to the Division of Taxation, the Governor also seeks to codify in state law **existing regulations** that prohibit the sale of flavored ENDS. The regulations were adopted by the Department of Health in 2020 to address the epidemic of youth electronic cigarette use in our state. The Governor further recommends an increase of \$159,292 in general revenue for an additional 2.0 FTEs to investigate products and to seize and destroy illegal flavored products. This is an important step that will finally ensure adequate enforcement of the longstanding ENDS regulations. It also serves as a reminder that our work in this area is not done. Menthol cigarettes and other flavored tobacco products (such as little cigars) remain on the market. These products are heavily marketed and targeted at communities of color, youth, and LGBTQ+ communities, and the continued sale perpetuates health equity gaps. We look forward to working with the General Assembly on a comprehensive approach to flavored tobacco products.

Thank you for your consideration. Please do not hesitate to reach out if you have any questions or if we can provide additional information.

Sincerely,

*American Heart Association
American Lung Association
CODAC Behavioral Healthcare
Oasis International
Open Door Health
Rhode Island Kids Count
Rhode Island Pharmacist Association
Rhode Island Public Health Institute
Rhode Island Student Assistance Services
Tobacco Twenty-One Foundation*

Points of Contact:

Megan Tucker
Government Relations Director/Senior Region Lead
American Heart Association
megan.tucker@heart.org

Daniel Fitzgerald, MPH, ICPS
Director of Advocacy (RI & MA)
American Lung Association
daniel.fitzgerald@lung.org

ⁱ https://www.tobaccofreekids.org/problem/toll-us/rhode_island

ⁱⁱ U.S. Department of Health and Human Services. (2012). Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General. Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health.
https://www.cdc.gov/tobacco/data_statistics/sgr/2012/index.htm

Sharbaugh, M.S., Althouse, A.D., Thoma, F.W., Lee, J.S., Figueredo, V.M., & Mulukutla, S.R. (2018). Impact of cigarette taxes on smoking prevalence from 2001-2015: A report using the Behavioral and Risk Factor Surveillance Survey (BRFSS). PLoS ONE 13(9): e0204416. <https://doi.org/10.1371/journal.pone.0204416>

ⁱⁱⁱ Contreary, K.A., Chattopadhyay, S.K., Hopkins, D.P., et al. (2015). Economic Impact of Tobacco Price Increases Through Taxation: A Community Guide Systematic Review. Am J Prev Med, 49(5), 800-808. doi: 10.1016/j.amepre.2015.04.026

^{iv} Astor, R.L., Urman, R., Barrington-Trimis, J.L., Berhane, K., Steinberg, J., Cousineau, M., Leventhal, A.M., Unger, J.B., Cruz, T., Pentz, M., Samet, J.M., & McConnell, R. (2019). Tobacco Retail Licensing and Youth Product Use. Pediatrics, 143 (2), Article e20173536. <https://doi.org/10.1542/peds.2017-3536>