



**Testimony before the Rhode Island House Finance Committee  
Regarding Taxing Heated Tobacco Products  
Lindsey Stroud  
Tobacco Harm Reduction 101  
April 10, 2025**

Chairman Abney, Vice-Chairman Slater, Vice-Chairman Marszalkowski, and Members of the Committee:

Thank you for your time today to discuss the issue of reducing the tax rate on heated tobacco products (HTPs) in Rhode Island. My name is Lindsey Stroud and I'm a Creator and Manager of Tobacco Harm Reduction 101 (thr101.org), a website dedicated to examining tobacco and vapor product use among adults and youth. Since 2016, in various roles, I have actively monitored and examined state, national, and international tobacco and tobacco harm reduction policies.

As lawmakers seek to collect additional revenue, many have looked at imposing an excise tax on various types of tobacco and vapor products, including HTPs. While lawmakers should refrain from imposing taxes on populations which are disproportionately impacted by taxes, it is imperative lawmakers enact taxes which are proportionate to the risks associated with using them. As such, lawmakers should refrain from imposing excessive taxes on products which are less harmful than traditional forms of smoked tobacco.

**Key Points:**

- Over the past several decades, tobacco harm reduction products have successfully helped millions of adults quit smoking combustible cigarettes.
- HTPs are a reduced risk product, with one company having authorization from the federal government, to market their product as less harmful.
- Around the globe, the introduction of HTPs has led to declines in combustible cigarette use. The global market grew from \$15.6 million in 2014 to \$28.7 billion in 2021.
- The FDA has authorized two HTPs in the U.S., with one product permitted to market its reduced risk to consumers.
- Smoking has declined among Rhode Island adults. Between 2003 and 2023, the percentage of Rhode Islanders aged 18 years or older who were currently smoking declined by 57.3 percent, from 22.4 percent of adults to 9.5 percent.
- Smoking rates among young adults aged 18 to 24 years old have declined by 93.1 percent, from 33.4 percent of young adults smoking in 2003, to 2.3 percent in 2023.
- Smoking prevalence was higher among lower-income and less educated persons.
- In 2023, 20.4 percent of adults who reported incomes of \$25,000 or less per year smoked, compared to 5.2 percent of adults who reported incomes of \$50,000 or more.



- Rhode Island adults earning \$25,000 or less were 3.9 times more likely to smoke than those earning \$50,000+.
- Among adults who did not graduate high school, 16.4 percent reported current cigarette use, compared to 4 percent of college graduates. Adults without a high school diploma were 4.1 times more likely to smoke than college graduates.
- Youth use of combustible cigarettes is at record lows in Rhode Island, with only 0.6 percent of high schoolers reporting daily cigarette use.
- Legislation should recognize that tobacco products exist on a continuum of risk, with combustible cigarettes as the most harmful, and other products (including HTPs), posing less harm to adult consumers.
- Since 2017, the U.S. Food and Drug Administration (FDA) has recognized this continuum of risk and in recent years the agency has developed strategies to inform adults who smoke of safer risks.
- Tobacco excise taxes should recognize the risk continuum – with less harmful products being subject to less of a tax burden than combustible cigarettes.
- Several states have introduced reduced tax rates on HTPs.
- Some states recognize HTPs as a different category of tobacco products and tax them at a lower rate than traditional combustible cigarette products.
- Other states have reduced the tax burden on products which have received authorization from the FDA to market the product as a reduced risk product.
- Reducing the tax rate incentivizes adults who can't quit smoking to switch to less harmful products.

## **Tobacco Harm Reduction (THR)**

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>1</sup> There are an estimated 600 ingredients in each tobacco cigarette, and "when burned, [they] create more than 7,000 chemicals."<sup>2</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>3</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 THR approach has successfully helped millions of adults who smoke transition to less-harmful alternatives. THR includes effective nicotine delivery systems, such as smokeless tobacco, snus, electronic cigarettes (e-cigarettes), and vaping.

## **Heated Tobacco Products**

Because of federal government regulations, most Americans are uninformed about heated tobacco products (HTPs). Currently, the FDA has authorized the sale of one HTP, which has been limitedly introduced to U.S. market after judicial delays. Nonetheless, around the globe, millions of adults have successfully used HTPs to transition from much more toxic combustible cigarettes. Numerous studies have also found that HTPs are less harmful than combustible cigarettes.

Commercial HTPs were first developed in the 1980s, but it has been in recent years that the market has grown.

Heated tobacco technology is a unique tobacco harm reduction tool because it has the “ability to regulate and distill flavor and nicotine at lower temperatures.” Studies have compared HTPs by analyzing the “presence and relative concentrations of harmful and potentially harmful constituents (HPHCs).” A 2019 review of HTP studies found that compared to cigarettes, modern HTPs reduced HPHCs by at least 62 percent.<sup>4</sup>

A 2020 study by the American Cancer Society remarked that HTPs “likely reduced cigarette sales in Japan.”<sup>5</sup> A 2022 Cochrane review found that there was “moderate-certainty evidence that heated tobacco users have lower exposure to toxicants/carcinogens than cigarette smokers.”<sup>6</sup> The UK Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment estimates heated tobacco products’ aerosols to contain up to 90 percent fewer “harmful and potentially harmful compounds” compared to cigarette smoke.<sup>7</sup>

The HTP market is growing. In 2014, an estimated 100,000 HTP devices and a little more than 15 million heated tobacco sticks were sold worldwide.<sup>8</sup> By 2021, nearly 30 million HTP devices and more than 125 billion heated tobacco sticks were sold globally. The retail value of the market from \$15.6 million in 2014 to \$28.7 billion in 2021.

In the United States, the FDA has authorized two HTPs – through two marketing pathways. One product (IQOS) also has a modified risk tobacco product (MRTP) order, allowing the manufacturer to correctly advertise the product as less harmful, specifically:

- AVAILABLE EVIDENCE TO DATE:
  - The IQOS system heats tobacco but does not burn it.
  - This significantly reduces the production of harmful and potentially harmful chemicals.

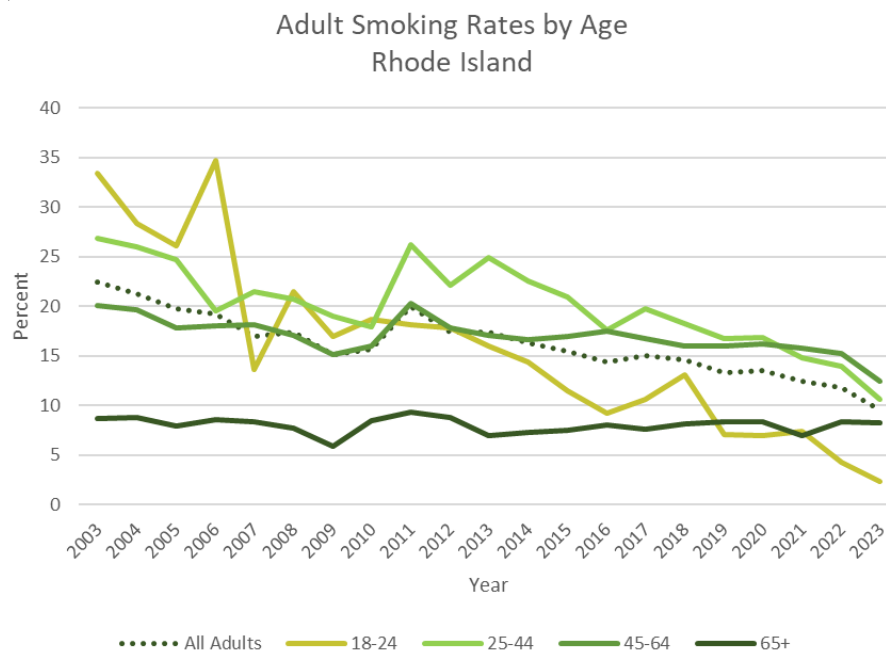


- Scientific studies have shown that switching completely from conventional cigarettes to the IQOS system significantly reduces your body’s exposure to harmful or potentially harmful chemicals.”

As a THR tool, Rhode Island lawmakers should refrain from imposing steep taxes as it may deter adults who smoke from switching to a less harmful alternative.

### Tobacco Product Use Among Rhode Island Adults

Similar to other states and nationwide survey data, the percentage of adults who smoke combustible cigarettes are at record lows in the Ocean State. In 2023, according to data from the Center for Disease Control and Prevention’s (CDC) Behavioral Risk Factor Surveillance System survey, 9.5 percent of adults aged 18 years or older were currently smoking, while 6.6 percent of adults reported daily smoking rates.<sup>9</sup> Between 2003 and 2023, smoking rates among Rhode Island adults decreased by 57.6 percent, from more than one-fifth of adults currently smoking (22.4 percent.)



Among young adults aged 18 to 24 years old, smoking rates are at some of their lowest levels recorded. In 2023, less than one in 20 (2.3 percent) of Rhode Island young adults were currently smoking. This is a whopping 93.1 percent decline from 2003, when more than one-third (33.4 percent) reported current combustible cigarette use.



### Young Adult Smoking Rates Rhode Island



In Rhode Island, lower income and less educated adults were more likely to smoke than adults with high income and college degrees. In 2023, 20.4 percent of adults who had earned less than \$25,000 a year reported current cigarette use, compared to only 5.2 percent of adults who reported incomes of \$50,000 or more. Among adults who did not graduate high school or obtain a G.E.D., 16.4 percent reported current cigarette used compared to only 4 percent of college graduates.

### **Cigarette Taxes Are Regressive, Disproportionately Impact Low-Income, Low-Educated Persons**

Cigarette taxes are regressive because low-income and low-educated persons disproportionately smoke at higher rates than their higher-income, more educated counterparts.

As previously noted, Rhode Island adults with incomes of \$25,000 or less per year were 3.9 times more likely to smoke in 2023 as adults who reported incomes of \$50,000 or greater.

Moreover, smoking rates among Rhode Island adults earning \$50,000 or more per year decreased at greater rates than their lower income counter parts. Between 2003 and 2023, the percentage of adults who smoked and reported incomes of \$50,000 or more decreased by 69.1 percent, compared to a 21.2 percent reduction in smoking among adults earning \$25,000 or less. Further, between 2003 and 2023, smoking rates among lower income adults decreased, on average, by 0.8 percent annually, compared to a 5 percent average annual reduction among adults earning \$50,000 or more.

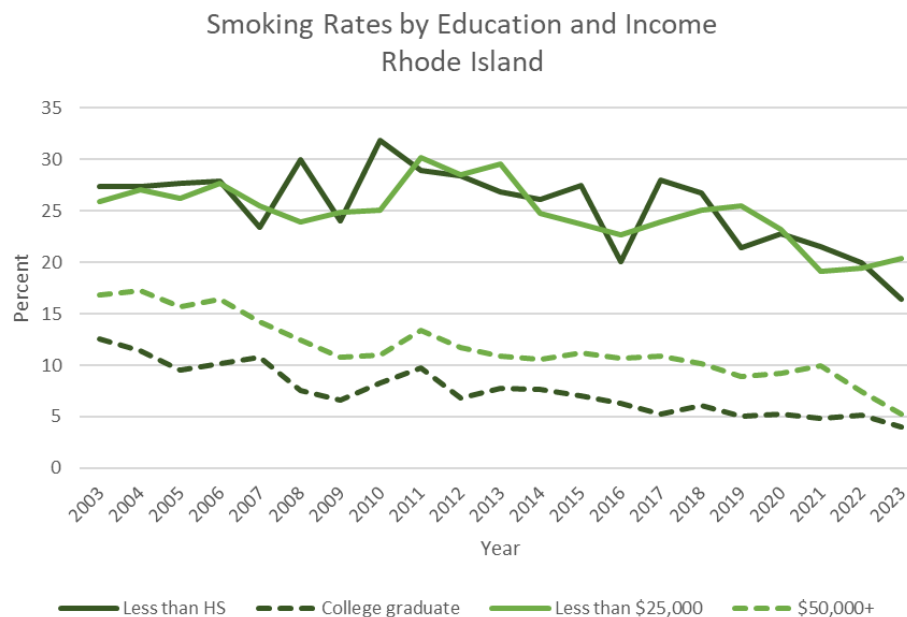


Numerous studies have also found cigarette excise taxes (and increases to those taxes) as regressive. A 2021 study in *Tobacco Control* found that “tobacco taxes are uniformly regressive from a standard income-share accounting view” and that “tobacco tax increases are less likely to be regressive when accompanied by a broad framework of demand-side measures that enhance the capacity of low-income smokers to quit tobacco use.”<sup>10</sup>

In 2015, according to the Institute on Taxation and Economic Policy, the poorest 20 percent of Americans “spent 0.8 percent of their income, on average, on cigarette taxes, while the wealthiest 1 percent spent less than 0.1 percent of their income on these taxes.”<sup>11</sup>

Further, increased access to education seems to correlate with low tobacco use. As noted previously, Rhode Island adults without a high school diploma or G.E.D. were 4.1 times more likely to smoke in 2023 than college graduates. Between 2003 and 2023, smoking rates among Rhode Island adults who lacked a high school diploma (or equivalent) decreased by only 40.2 percent, compared to a 68.3 percent reduction among college graduates.

Rather than impose regressive taxes that disproportionately impact low-income and low-educated persons, policymakers should examine policies which can help reduce smoking without burdening the most vulnerable in the Ocean State.



## Tobacco Product Use Among Rhode Island Youth

Similar to adult use, youth combustible cigarette use is at record lows.

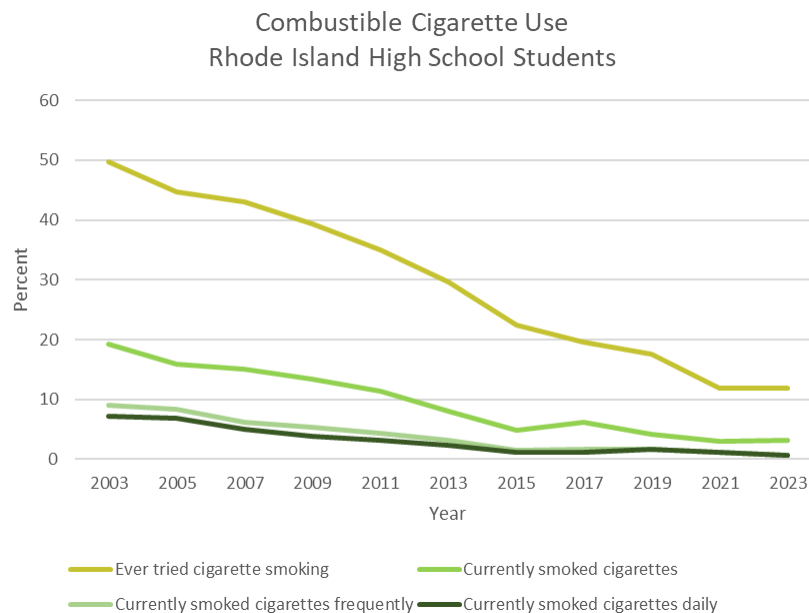


In 2023, according to the CDC's biennial Youth Risk Behavior Survey, among Rhode Island high school students:<sup>12</sup>

- 11.9 percent had ever tried a combustible cigarette
- 3.1 percent reported current cigarette use (defined as at least one day in the past-month)
- 0.6 percent reported frequent (20 days or more) combustible cigarette use
- 0.6 percent reported daily combustible cigarette use

Between 2003 and 2023, among Rhode Island high school students:

- Frequent use of combustible cigarettes decreased by 93.3 percent
- Daily use of combustible cigarettes decreased by 91.7 percent
- Current use of combustible cigarettes decreased by 83.9 percent
- Ever-use of combustible cigarettes decreased by 76.1 percent



## Taxing Tobacco Products Based on Their Continuum of Risk

Legislation which differentiates between different tobacco products (while recognizing their reduced risk potential) is a worthwhile endeavor for policymakers because it helps to both inform adults who smoke of less harmful alternatives, as well as incentivize their use of them.

Currently, in Rhode Island (and across the U.S.) tobacco and tobacco harm reduction products are subject to a myriad of excise taxes, which oftentimes do not consider the continuum of risk.



In 2017, the FDA announced a sweeping “comprehensive regulatory plan” which would focus on nicotine.<sup>13</sup> The agency declared that a “key piece” of their new effort would be “demonstrating a greater awareness that nicotine – while highly addictive – is delivered through products that represent a continuum of risk and [nicotine] is most harmful when delivered through smoke particles in combustible cigarettes.”

In 2023, Brian King, Director for the Center for Tobacco Products (CTP) at FDA, noted that “tobacco product exist on a continuum of risk, with smoked products, such as cigarettes, having the greatest risk.”<sup>14</sup>

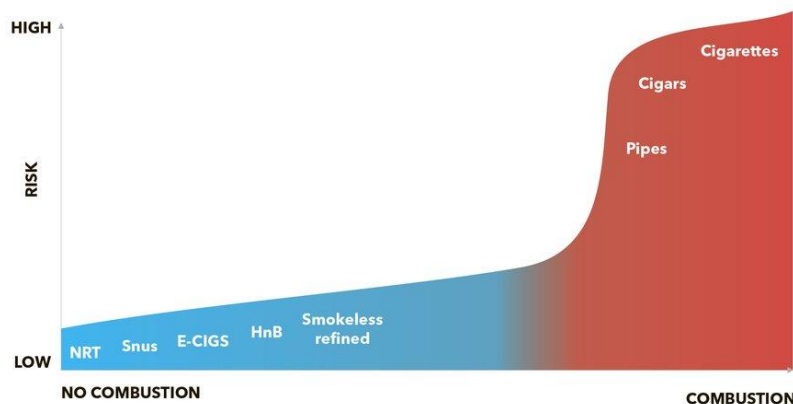
Most recently, in February 2024, the FDA announced that the CTP is “conducting formative research among adults who smoke to assess their comprehension and perceptions of messaging that nicotine – while highly addictive – is delivered through products that represent a continuum of risk, and that combustible products such as cigarettes have the greatest risk.”<sup>15</sup>

Combustible cigarettes are by far the most harmful form of tobacco product and a responsible for 480,000 American deaths each year. Since at least the 1970s, tobacco researchers have understood that while nicotine is why people smoke, they are dying from the tar caused by the combustion.

Less harmful tobacco products include HTPs, smokeless tobacco products and snus, electronic cigarettes and vapor products, and nicotine replacement therapies.



Figure 5.3  
*Continuum of risk for nicotine containing products*



## Several States Have Reduced Taxes on HTPs





Over the past several years, several states have reduced the tax rate on HTPs. This has been done through distinguishing the product as a different tobacco product category, or by recognizing the FDA's MRTP order, of which one brand of HTP has authorization.

For example, Virginia recognizes HTP as a separate tobacco product category and HTPs are subject to a \$0.0225-per-stick tax, or \$0.45/pack of 20 sticks - \$0.15 less than cigarette tax per-pack. Last year, Mississippi passed legislation enacting a tax rate of 1.25 cents per stick for HTPs – compared to a 3.4 cents burden for traditional cigarettes.

Several states have enacted legislation which reduces the tax burden on products which have obtained a modified risk tobacco product order from the FDA.

When adopting the reduced tax in 2018, one tobacco researcher called it “rational,” remarking that many adults “are unable or unwilling to quit tobacco and nicotine entirely... [and] traditional quit-smoking methods ... don’t work.” By reducing the tax burden the plan “encourages and incentivizes [adults who smoke] to quit or switch to less expensive and vastly safer smoke-free tobacco products.”<sup>16</sup>

## Conclusion

Given the overwhelming evidence supporting the reduced harm potential of alternative nicotine products, Rhode Island policymakers should prioritize policies that facilitate access to these alternatives rather than impose punitive taxes that disproportionately affect low-income populations. By adopting a harm reduction approach, lawmakers can continue to drive down smoking rates while ensuring that adults who smoke have viable, less harmful options. Thoughtful regulation, informed by scientific consensus on the continuum of risk, will not only protect public health but also provide a more equitable approach to tobacco control in the state. Simply, if lawmakers want to help further reduce youth and adult tobacco and vapor product use, they ought to invest more into existing programs including education and prevention efforts.

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<sup>1</sup> Brad Rodu, *For Smokers Only: How Smokeless Tobacco Can Save Your Life*, Sumner Books, 1995, p. 103.

<sup>2</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>3</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).

<sup>4</sup> Erikas Simonavicius et al., “What factors are associated with current smokers using or stopping e-cigarette use?,” *Drug and Alcohol Dependence*, April 1, 2017, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5380653/>.

<sup>5</sup> Michael Stoklosa et al., “Effect of IQOS introduction on cigarette sales: evidence of decline and replacement,” *Tobacco Control*, July 29, 2020, <https://pubmed.ncbi.nlm.nih.gov/31209129/>.



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- <sup>6</sup> Harry Tattan-Birch et al., “Heated tobacco products for smoking cessation and reducing smoking prevalence,” Cochrane Database of Systematic Reviews, January 6, 2022, <https://www.cochranelibrary.com/cdsr/doi/10.1002/14651858.CD013790.pub2/full>
- <sup>7</sup> Committees on Toxicity, Mutagenicity, Carcinogenicity of Chemicals in Food, Consumer Products and the Environment, “Statement on the toxicological evaluation of novel heat-not-burn tobacco products,” December 2017, [https://cot.food.gov.uk/sites/default/files/heat\\_not\\_burn\\_tobacco\\_statement.pdf](https://cot.food.gov.uk/sites/default/files/heat_not_burn_tobacco_statement.pdf).
- <sup>8</sup> University of Bath, “Heated Tobacco Products,” *Tobacco Tactics*, Feb. 6, 2024, <https://tobaccotactics.org/article/heated-tobacco-products/>.
- <sup>9</sup> Centers for Disease Control and Prevention, “BRFSS Prevalence and Trends Data,” 2023, <https://www.cdc.gov/brfss/brfssprevalence/>. Accessed January 10, 2025.
- <sup>10</sup> Stéphane Verguet, et al., “Questioning the regressivity of tobacco taxes: a distributional accounting impact model of increased tobacco taxation,” *Tobacco Control*, 2021, <https://tobaccocontrol.bmj.com/content/30/3/245>.
- <sup>11</sup> Institute on Taxation and Economic Policy, “Cigarette Taxes: Issues and Options,” October 18, 2016, <https://itep.org/cigarette-taxes-issues-and-options-1/>.
- <sup>12</sup> Office of Public Instruction, “Youth Risk Behavior Survey,” 2023, <https://opi.mt.gov/Leadership/Data-Reporting/Youth-Risk-Behavior-Survey>. Accessed January 10, 2025.
- <sup>13</sup> U.S. Food and Drug Administration, “FDA announces comprehensive regulatory plan to shift trajectory of tobacco-related disease, death,” Jul. 27, 2017, <https://www.fda.gov/news-events/press-announcements/fda-announces-comprehensive-regulatory-plan-shift-trajectory-tobacco-related-disease-death>.
- <sup>14</sup> Brian A. King and Benjamin A. Toll, “Commentary on Wackowski et al.: Opportunities and Considerations for Addressing Misperceptions About the Relative Risks of Tobacco Products among Adult Smokers,” *Addiction*, Aug. 15, 2023, <https://onlinelibrary.wiley.com/doi/full/10.1111/add.16296>.
- <sup>15</sup> Brian King, “A Year in Review: FDA’s Progress on Tobacco Product Regulation in 2023,” *Center for Tobacco Products*, U.S. Food and Drug Administration, Feb. 22, 2024, <https://www.fda.gov/tobacco-products/ctp-newsroom/year-review-fdas-progress-tobacco-product-regulation-2023>.
- <sup>16</sup> Brad Rodu, “Kentucky Adopts a Rational Tobacco Tax Plan,” *Tobacco Truth*, May 24, 2018, <https://rodutobaccotruth.blogspot.com/2018/05/kentucky-adopts-rational-tobacco-tax.html>.