**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.[1] 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.[2] 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.[3] 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.[4] **(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).[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]

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 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.[8] There are an estimated 600 ingredients in each tobacco cigarette, and "when burned, [they] create more than 7,000 chemicals."[9] 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.[10]

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. 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.

Indeed, an estimated 10.8 million American adults were using electronic cigarettes and vapor products in 2016.[11] 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.[12] 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."[13] 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).[14] 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."[15] In 2018, the agency reiterated their findings, finding vaping to be "at least 95% less harmful than smoking."[16]
>
> 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."[17]

**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."[18] 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."[19]

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."[20] 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."[21]

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.[22]

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.[23]

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."[24] 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 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.[25] 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.[26]

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.[27]

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.[28]

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.[29]

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.[30]

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.[31]

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.[32]

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.[33]

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.[34]

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.[35]

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.[36] 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.[37] 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."[38]

Indeed, between 1999 and 2019, Alaska collected an estimated $1.08 billion in cigarette taxes.[39] 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."[40]

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.[41]

**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."[42] 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.[43]

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."[44] 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.[45]

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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.

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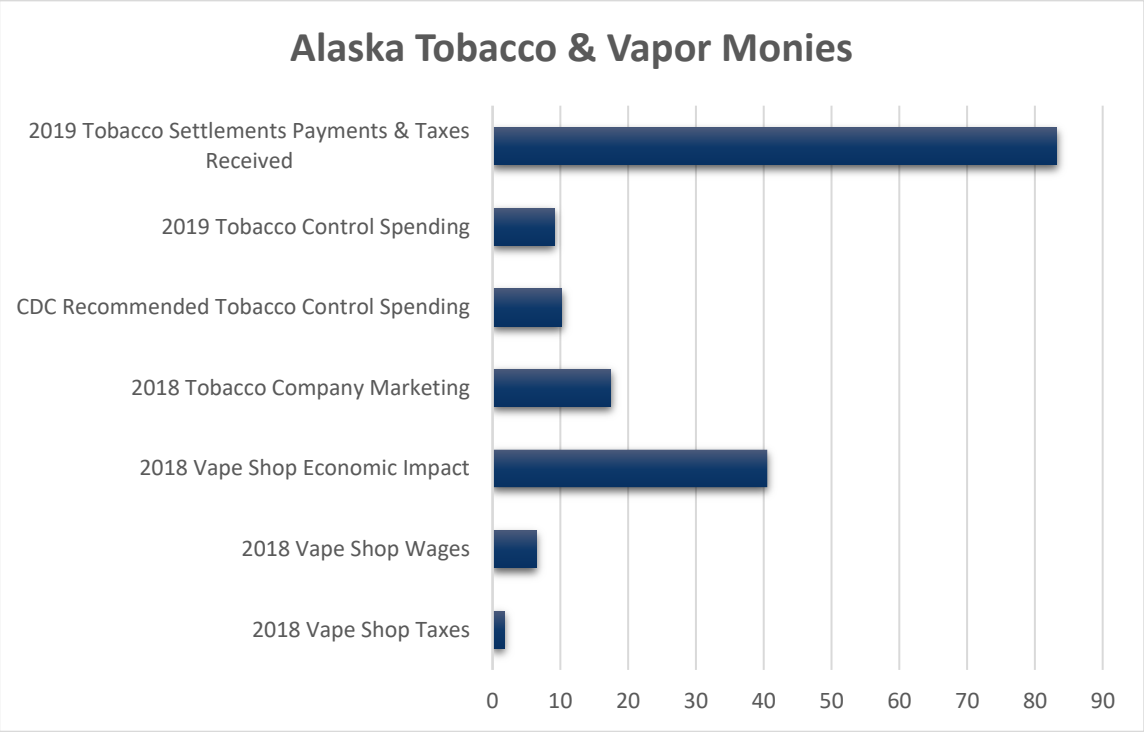
PROTECTION
ALLIANCE

TAXPAYERS PROTECTION ALLIANCE

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



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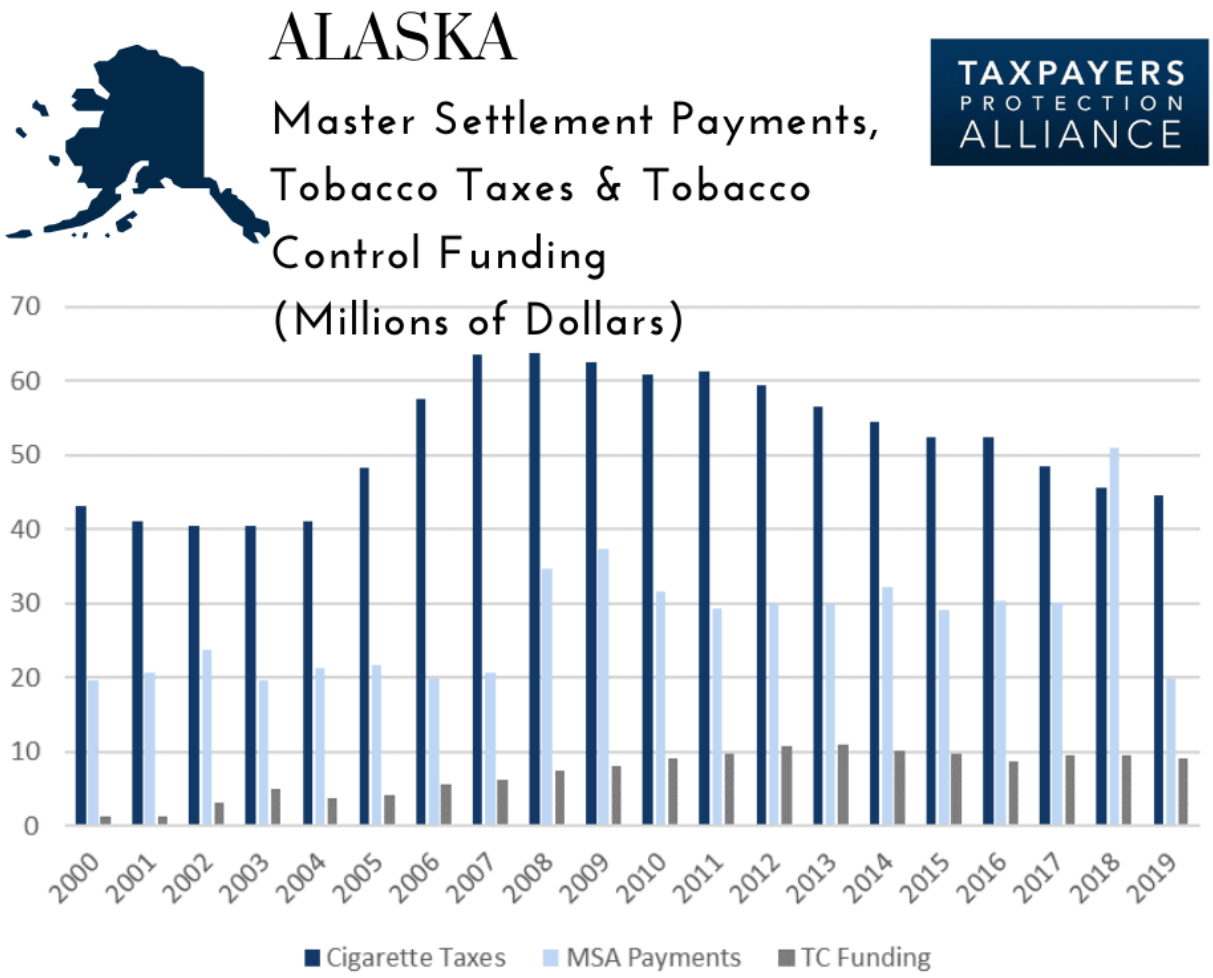
2. **Supplemental Graph 2**




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

# 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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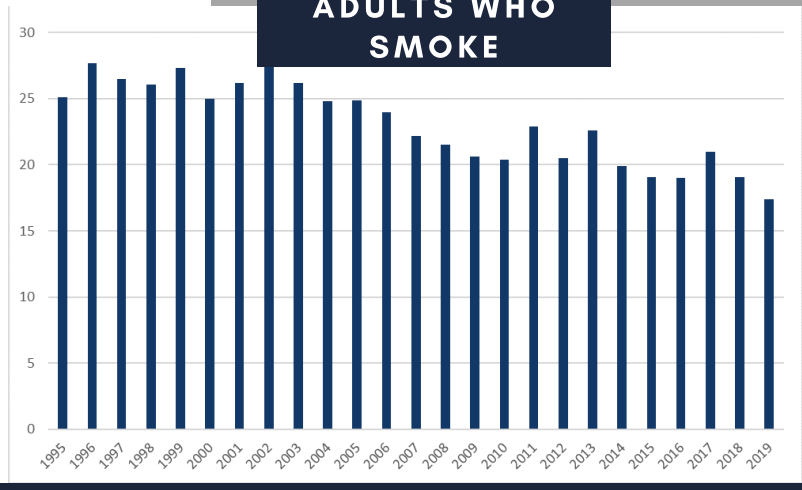
# ADULT SMOKING RATES

In 1995, 25.1 percent[1] of Alaskan adults smoked combustible cigarettes, amounting to approximately 151,707 adults.[2] 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.




***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.[3] 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.

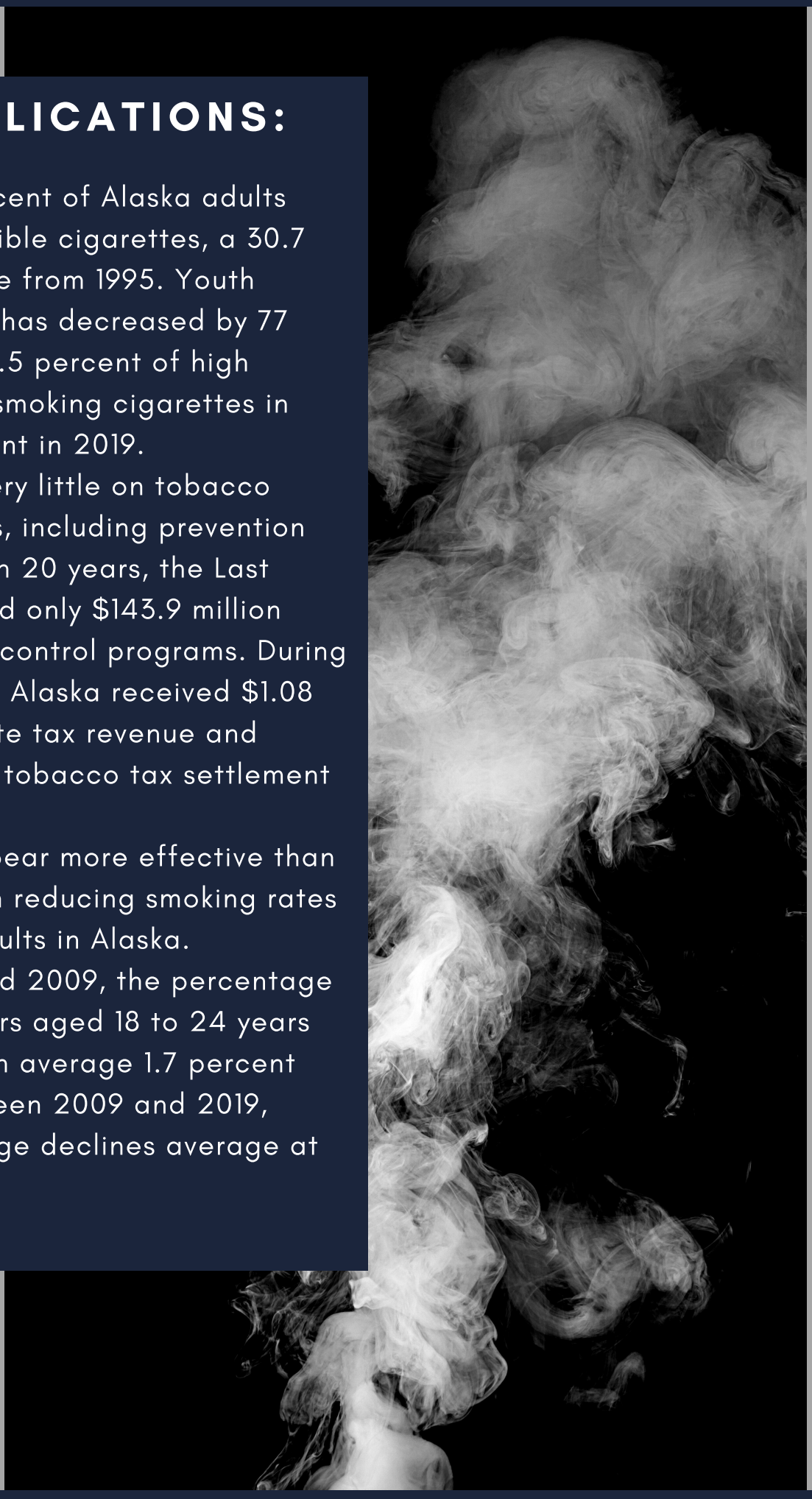
In 1999, among current adult smokers in Alaska, 38.3 percent were 18 to 24 years old. In 2009, this had decreased by 39.4 percent to 23.2 percent of adult smokers in Alaska being between 18 to 24 years old. And, 10 years after e-cigarette's market emergence in 2009, smoking rates among current smokers 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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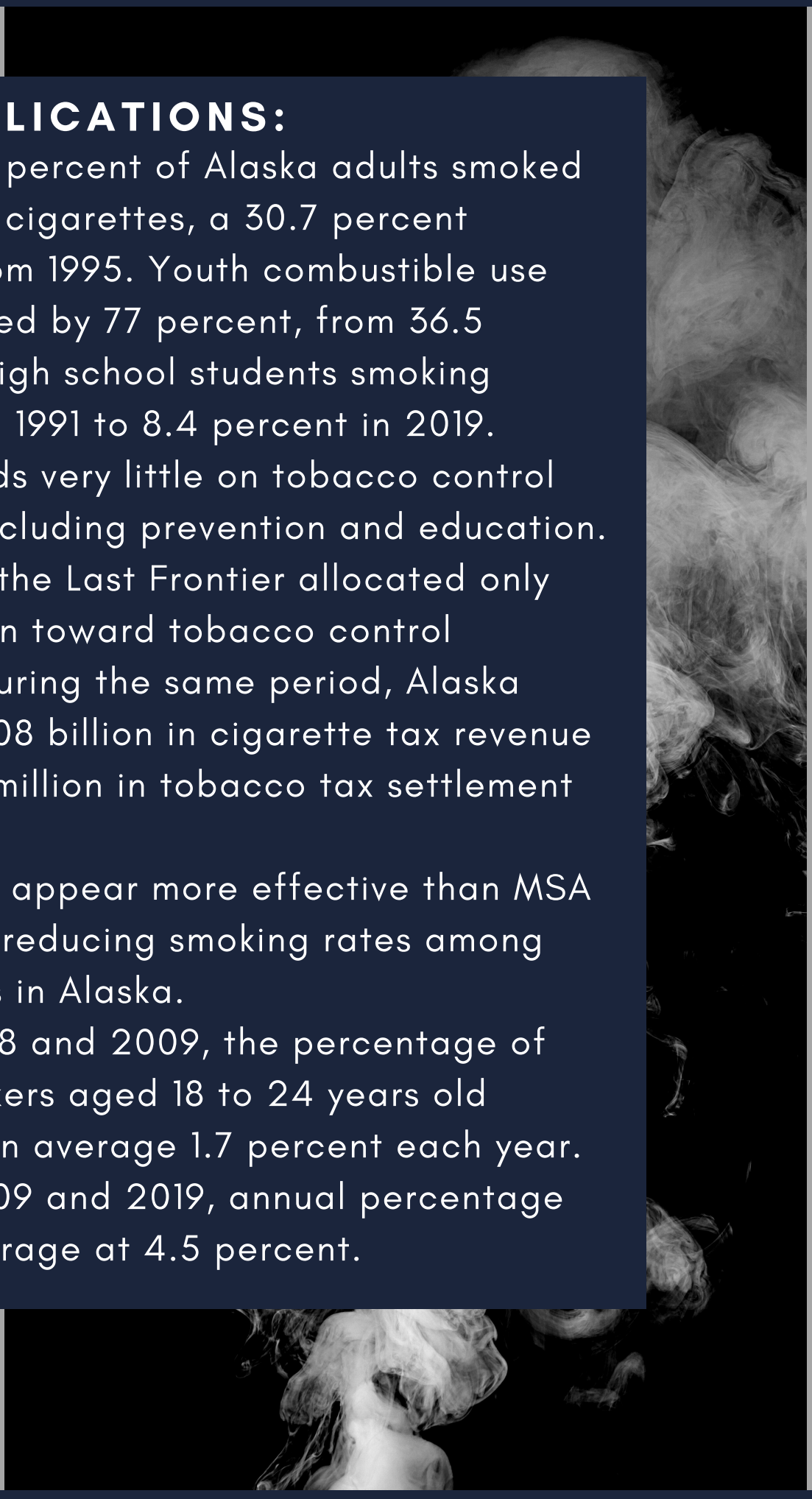
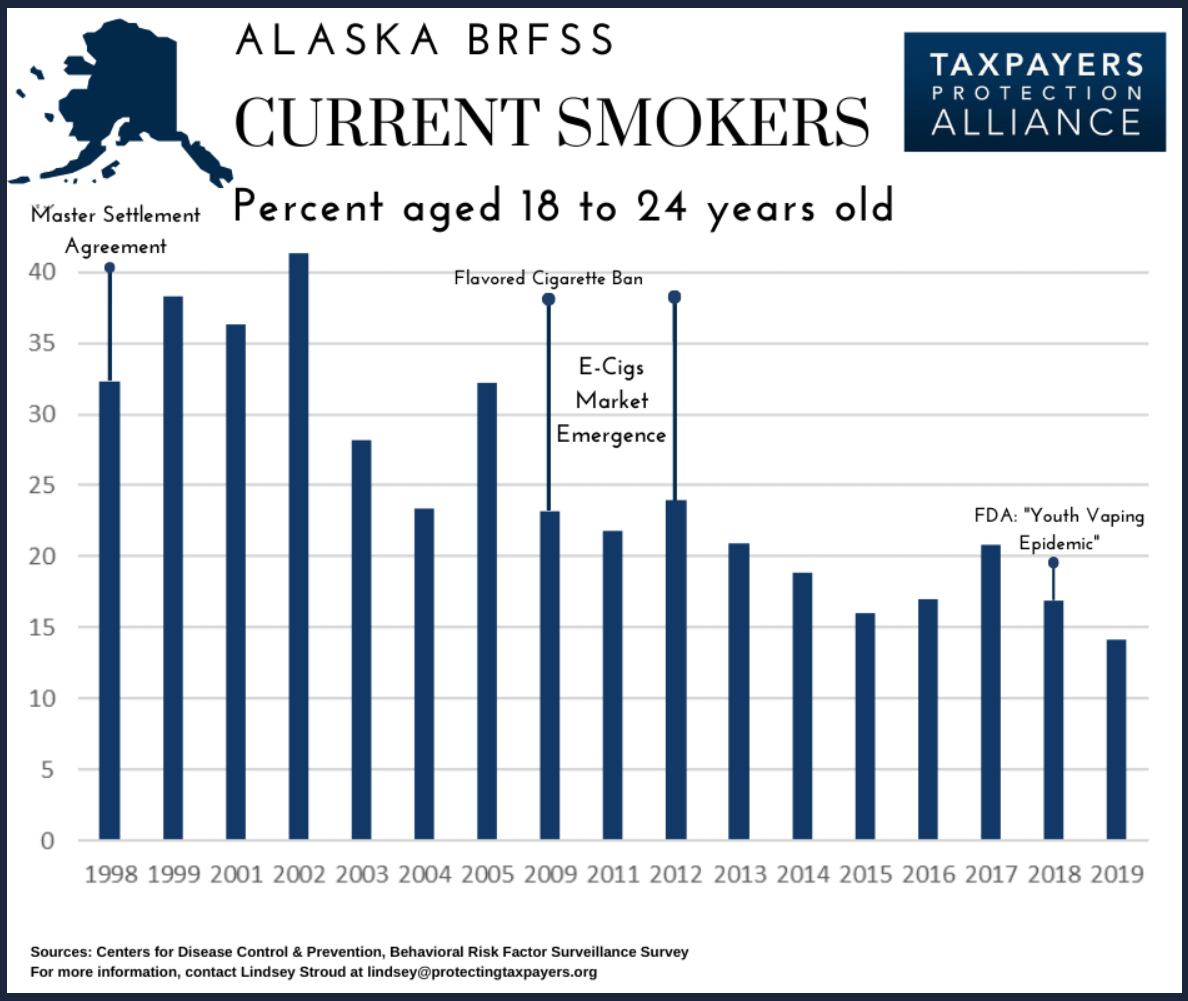
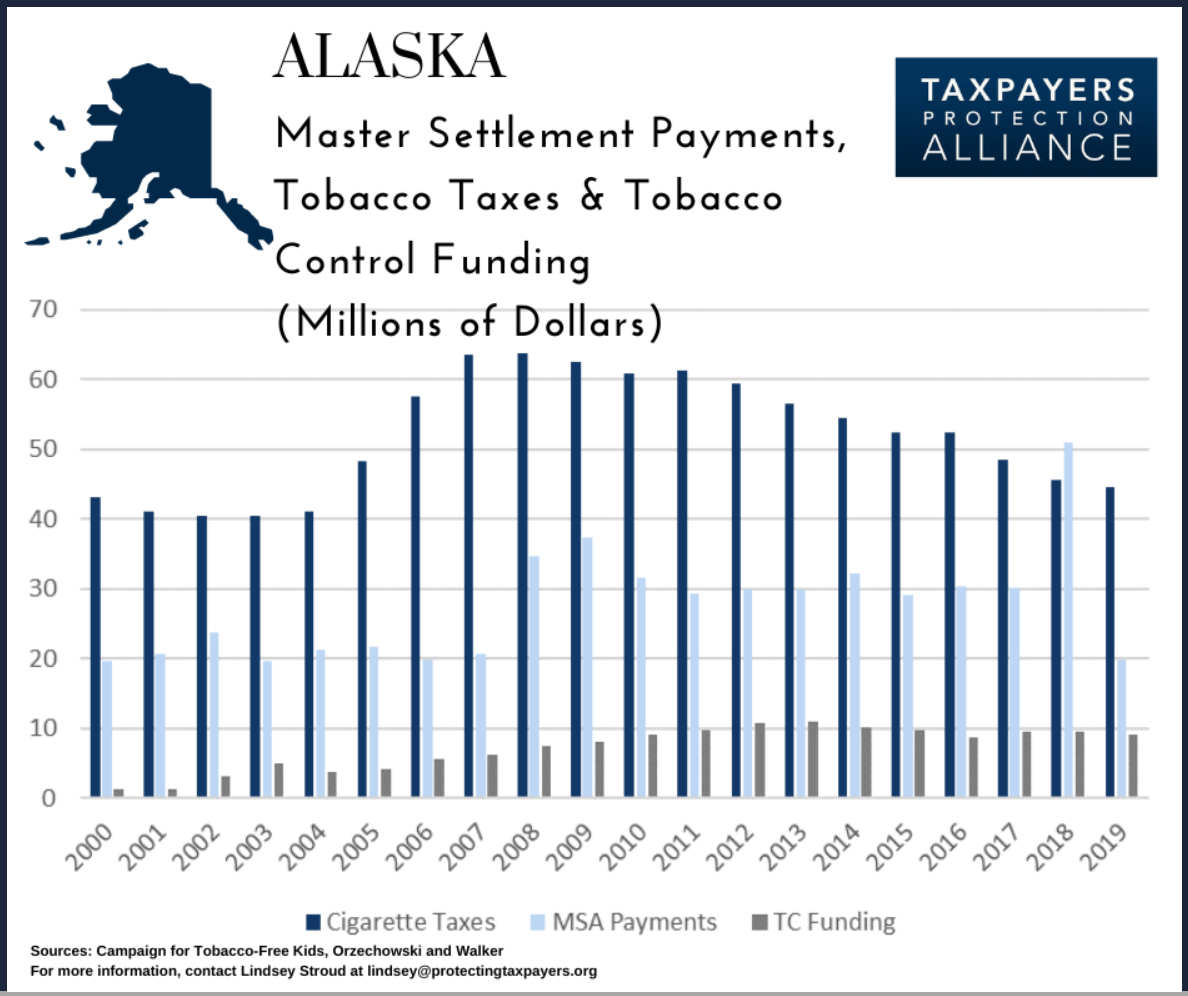



ALASKA BRFSS
CURRENT SMOKERS
TAXPAYERS PROTECTION ALLIANCE
Percent aged 18 to 24 years old
Master Settlement Agreement
Flavored Cigarette Ban
E-Cigs Market Emergence
FDA: "Youth Vaping Epidemic"
40
35
30
25
20
15
10
5
0
1998 1999 2001 2002 2003 2004 2005 2009 2011 2012 2013 2014 2015 2016 2017 2018 2019
Sources: Centers for Disease Control & Prevention, Behavioral Risk Factor Surveillance Survey
For more information, contact Lindsey Stroud at lindsey@protectingtaxpayers.org


ALASKA
Master Settlement Payments, Tobacco Taxes & Tobacco Control Funding (Millions of Dollars)
TAXPAYERS PROTECTION ALLIANCE
70
60
50
40
30
20
10
0
2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019
Cigarette Taxes
MSA Payments
TC Funding
Sources: Campaign for Tobacco-Free Kids, Orzechowski and Walker
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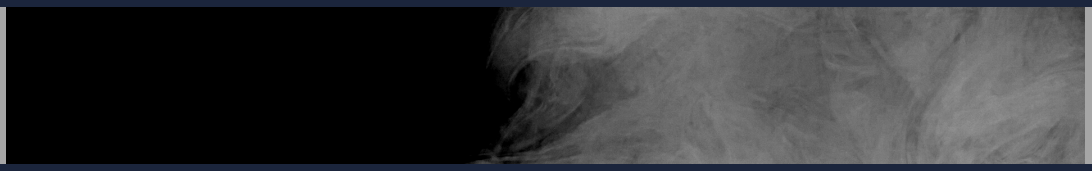

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[1] Centers for Disease Control and Prevention, “BRFSS Prevalence & Trends Data,” 2019, https://www.cdc.gov/brfss/brfssprevalence/.

[2] Kids Count Data Center, “Total population by child and adult populations in the United States,” The Annie E. Casey Foundation, September 2020, https://datacenter.kidscount.org/data/tables/99-total-population-by-child-and-adult-populations#detailed/1/any/false/1729,37,871,870,573,869,36,868,867,133/39,40,41/416,417.

[3] Centers for Disease Control and Prevention, “High School YRBS 2019 Results,” 2019, https://nccd.cdc.gov/Youthonline/App/Default.aspx.

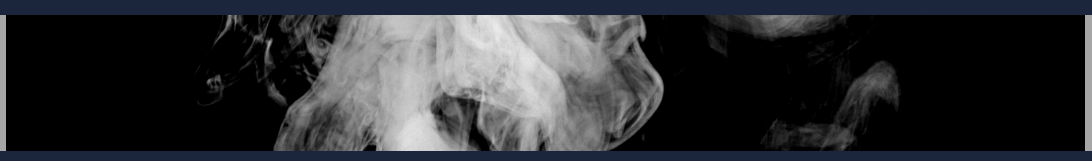
[4] Orzechowski and Walker, “The Tax Burden on Tobacco Historical Compilation Volume 54,” 2019. Print.

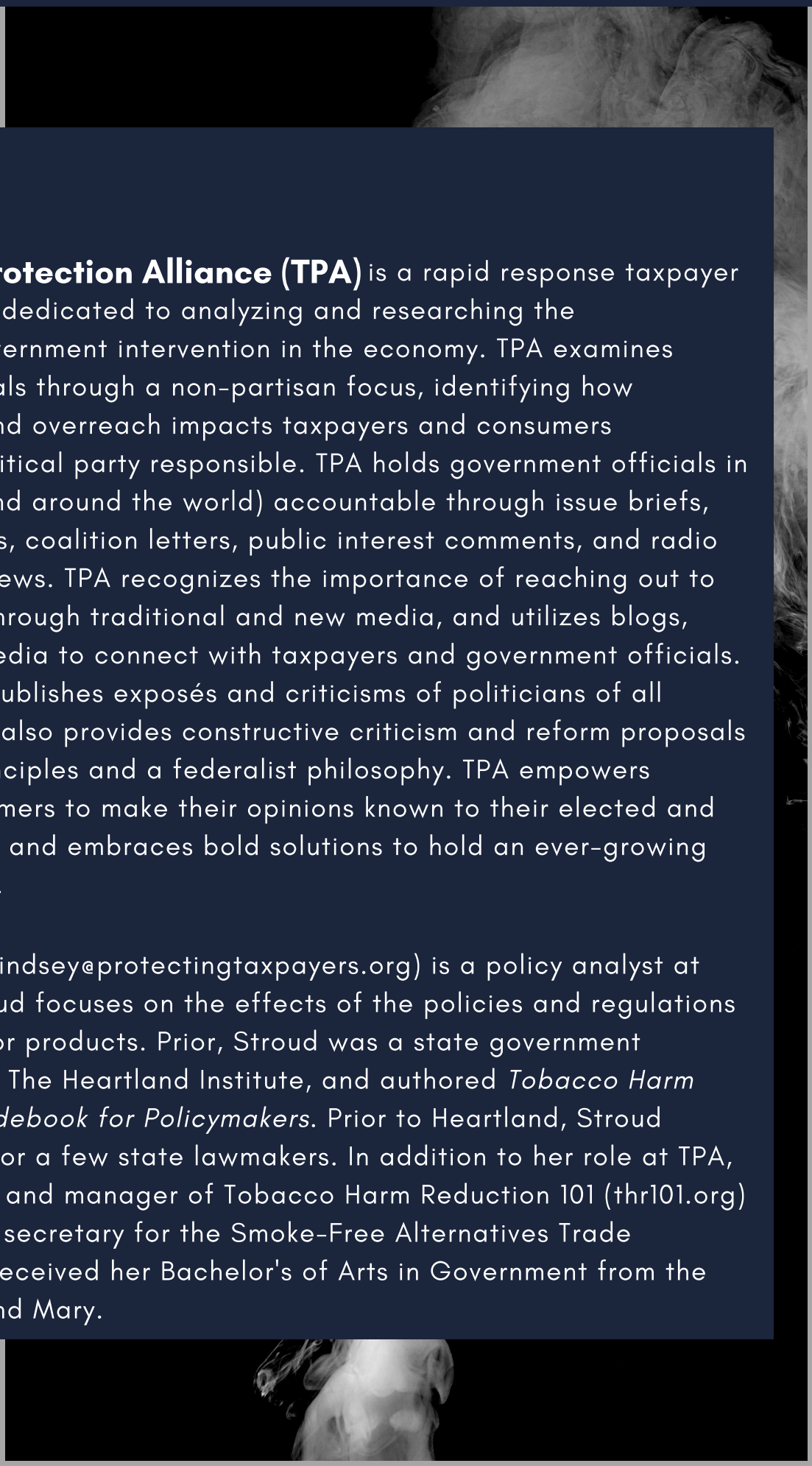
[5] Tobacco Control Legal Consortium, “The Master Settlement Agreement: An Overview,” August 2015, p. 1, http://publichealthlawcenter.org/sites/default/files/resources/tclc-fs-msa-overview-2015.pdf.

[6] 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.

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

[8] National Center for Chronic Disease Prevention and Health Promotion, “E-Cigarette Use Among Youth and Young Adults: A Report of the Surgeon General,” 2016, https://www.ncbi.nlm.nih.gov/books/NBK538679/.



# 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) 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) 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.