



NIH Funded Economic Experts Say HB2339's Tax Increase on E-Cigarettes Will Cause Increase in Cigarette Sales and Decrease in Quitters

Washington, D.C., February 27, 2020 — Last night, HR 2339 was amended to include a massive new tax on electronic cigarettes making those taxes equal to cigarettes. The bill's flavor ban already ensures that more Americans who are trying to quit smoking would go back to smoking. But, the proposed tax now guarantees that reality according to economic experts.

Two recent studies funded by the National Institutes of Health have concluded that the specific e-cigarette tax now included in HR 2339 will *increase* smoking of combustible cigarettes.

In January 2020, [Cotti et al.](#)¹ examined a dataset of 35,000 retailer transactions from 2011 to 2017 and concluded:

“Our study suggests that, as intended, e-cigarette taxes raise e-cigarette prices and reduce e-cigarette sales. However, an unintended effect is an increase in cigarette sales.” (Cotti et al., p. 25)

Importantly, the authors analyzed *the specific tax now in HR 2339* and concluded:

“This price increase would reduce e-cigarette purchases by 3,188 ml per 100,000 adults (\$2.54 x 1,255 from Table 5), but would increase traditional cigarette purchases by 29,182 packs per 100,000 adults (\$2.54 x 11,489 from Table 5). **Therefore, a national e-cigarette tax will increase traditional cigarettes purchased by 6.2 extra packs for every one standard e-cigarette pod of 0.7 ml no longer purchased.**” (Cotti et al., p. 25)

Also, in December 2019, [Saffer et al.](#)² examined the massive tax imposed in Minnesota and concluded that the tax on e-cigarettes prevented 32,400 adult smokers from quitting: “If this tax were imposed on a national level, about 1.8 million smokers would be deterred from quitting in a ten year period.” (Saffer et al., p. 21)

However, the researchers go on to warn against the tax equalization in HR2339:

“**Some have suggested that e-cigs should be taxed at the same rate as cigarettes. Implementation of that policy** would raise the price of e-cigs by approximately 62 percent, increase smoking participation by 8.1 percent, and **deter approximately 2.75 million smokers from quitting.**” (Saffer et al., p. 21)

Finally, just this week, Dr. Amy Fairchild, [Dean of the College of Public Health at Ohio State University](#), wrote an Op Ed in the Columbus Dispatch warning legislators about banning e-cigarette flavors saying, “We have evidence that smokers who vape nicotine with flavors are two to three times more likely to quit smoking. It is critically important to find a vape that is satisfying enough to help a smoker move completely away from cigarettes.”

¹ Cotti, Chad, et al., The Effects Of E-Cigarette Taxes One-Cigarette Prices And Tobacco Product Sales: Evidence From Retail Panel Data, National Bureau of Economic Research, January 2020, <http://www.nber.org/papers/w26724>

² Saffer, Henry, et al., E-Cigarettes and Adult Smoking: Evidence from Minnesota, National Bureau of Economic Research, December 2019, <http://www.nber.org/papers/w26589>