



# **Durbin introduces legislation to reduce youth tobacco use**

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WASHINGTON—U.S Senate Democratic Whip Dick Durbin (D- IL) and U.S. Senators Sherrod Brown (D-OH), Jack Reed (D-RI), Richard Blumenthal (D-CT), Ed Markey (D-MA) and Al Franken (D-MN) announced the Tobacco Tax Equity Act of 2017 which would help reduce tobacco use by closing loopholes in the tax code that have long been exploited by the tobacco industry to avoid regulation and taxes for their products. This legislation would apply tax parity across all tobacco products, including e-cigarettes. Increasing the price of tobacco products is the single most effective way to reduce tobacco use, especially among youth, and establishing tax parity for tobacco products

will generate federal revenue, reduce health care spending, and close loopholes that are being exploited.



“Time and again, Big Tobacco has exploited tax loopholes in order to dodge oversight, avoid taxes, and peddle their dangerous products unchecked. These tax loopholes only encourage the use of cheap tobacco products, which helps explain why millions of today’

s youth use cigars, smokeless tobacco, and e-cigarettes at comparable rates to cigarettes,” said Durbin. This problem will only get worse as the tobacco industry continues to develop and market new products to hook a new generation on this deadly habit. We must take action now to stop tobacco manufacturers from gaming the system. Every day that we wait further imperils the health of Americans across the country and the wellbeing of our nation’s children.”

"American taxpayers shouldn't be paying for special favors to Big Tobacco while working families are working harder and harder to get by," said Brown.

“We’ve seen tobacco companies take advantage of these tax loopholes by repackaging products or mislabeling roll-your-own cigarette tobacco as pipe tobacco, which come with lower taxes. And as a result, we’re seeing more young people using these forms of tobacco and getting addicted. All tobacco products take a serious toll on public health and Congress must act to ensure our tax system reflects that,” said Reed.

“For far too long, tobacco products have exploited loopholes in the tax code to avoid paying taxes on their lethal products,” Blumenthal said. “Closing these loopholes is the latest step in an ongoing process of fighting and holding the tobacco industry accountable. The current loopholes encourage the use of new tobacco products, like e-cigarettes, that damage our nation’s health – 90 percent of adult smokers began at or before age 18 – and lead a new generation of Americans to addiction. This legislation will close a gaping tax loophole and address the critical need to prevent young people from beginning a deadly addiction.”

“It’s time to snuff out the tactics and loopholes Big Tobacco uses to get Americans, and especially youth, addicted to its deadly products. This important legislation would increase the federal tax rate on other tobacco products to the same level as the federal tax on cigarettes,” said Markey. "This legislation makes sure tobacco manufacturers can’t take advantage of the system, and I thank Senator Durbin and my colleagues for introducing this legislation to help protect the health of a new generation that tobacco companies should not be able to exploit.”

“I believe we need to be working to enhance the health of people in Minnesota and across our nation, not allowing Big Tobacco to cash in through tax breaks on products that harm Americans,” said Franken. “But unfortunately, right now tobacco companies are using tax loopholes to evade taxes and avoid oversight. We simply can’t allow this to continue. I’m committed to making sure we close these loopholes because this will prevent tobacco companies from taking advantage of the system, and because the health of Minnesotans—and all Americans—should always come before large corporations’ bottom line.”

The Tobacco Tax Equity Act of 2017 would close tax code loopholes for tobacco products by setting the federal tax rate for tobacco products at the same level as the federal tax rate on cigarettes. Under current law, the federal tax rate for small cigars and roll-your-own (RYO) cigarettes is at the same level as cigarettes. However, e-cigarettes, large cigars, smokeless tobacco, and pipe tobacco have a dramatically lower rate, at a time when their use – especially among youth – is trending at a higher rate than cigarettes. The current tax code has numerous tax and regulatory loopholes the tobacco industry has exploited by shifting production and sale schemes to avoid taxes and oversight, resulting in nearly \$4 billion in lost federal revenue between 2009 and 2014. The bill would also, for the first time, index all tobacco tax rates to inflation to ensure they remain effective public health tools into the future.

Tobacco is the leading cause of preventable and premature death, annually accounting for 480,000 deaths—or 1 out of every 5 deaths—in America. Tobacco use costs more than \$300 billion a year, including \$170 billion in direct medical care for adults, 60 percent of which is paid through government programs such as Medicare and Medicaid, and more than \$156 billion in lost productivity.

The Tobacco Tax Equity Act of 2017 is endorsed by the Campaign for Tobacco-Free Kids, the March of Dimes, the American Lung Association, the American Public Health Association, the American Dental Association, the National Association of County and City Health Officials, Trust for America's Health, the American Thoracic Society, and the International & American Associations for Dental Research.