

Durbin, Wyden, Krishnamoorthi, Colleagues Introduce Bicameral Bill To Reduce Tobacco Use In America

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WASHINGTON — U.S Senate Majority Whip Dick Durbin (D-IL) and Senate Finance Committee Chair Ron Wyden (D-OR), along with U.S. Representative Raja Krishnamoorthi (D-IL-08), today introduced the bicameral *Tobacco Tax Equity Act of 2023*. The bill would close tax code loopholes for tobacco products by establishing a new federal tax on e-cigarettes, updating the federal cigarette tax rate to restore its public health impact, and harmonizing the tax rate across tobacco products to address

gamesmanship by manufacturers. Establishing tax parity will generate significant federal revenue, reduce health care spending, and address one of the greatest public health challenges by lowering tobacco use, especially among youth. According to public health experts, increasing the price of tobacco products is the single most effective way to reduce tobacco use, particularly among children.

“We have made historic progress over the years to reduce the suffering from tobacco use. Our most effective strategy to help reduce smoking and prevent a new generation from becoming addicted is to price these deadly products out of the reach of children. But federal tobacco taxes have not been updated in 14 years, and the most popular tobacco product with children—e-cigarettes—are not taxed at the federal level, despite 30 states utilizing this important public health tool. Our bill would help reduce tobacco and e-cigarette use by ending loopholes that the industry has exploited to target our children. If America can kick its nicotine addiction, it would go a long way to improving our public health for generations to come,” said Durbin.

“Big Tobacco’s profits come at the expense of public health and lifelong youth addiction to a deadly product,” Wyden said. “It’s time to hold the tobacco industry accountable and save generations of teenagers. That’s why I’m committed to closing tax loopholes on tobacco products by establishing a new tax on e-cigarettes and updating the federal cigarette tax rate to restore its public health impact. The health of future generations depends on it.”

“As we continue to combat the youth vaping epidemic, we should reduce youth access to e-cigarettes by taxing them like other tobacco and nicotine products,” said Krishnamoorthi. “Our children are not for sale and by establishing a new tax on e-cigarettes, we can ensure Big Tobacco pays their fair share while making it harder for them to add to their bottom line by getting a new generation hooked.”

Joining Durbin and Wyden in introducing today’s bill in the Senate includes U.S. Senators Richard Blumenthal (D-CT), Jeff Merkley (D-OR), Sherrod Brown (D-OH), Ed Markey (D-MA), Patty Murray (D-WA), Mazie Hirono (D-HI), and Jack Reed (D-RI).

The *Tobacco Tax Equity Act of 2023* would close tax code loopholes for tobacco products by increasing the federal tax rate on cigarettes, pegging it to inflation to ensure it remains an effective public health tool, and setting the federal tax rate for all other tobacco products at this same level. While e-cigarettes are the most commonly used tobacco product among youth, and are now subject to the full regulatory framework of the Food and Drug Administration’s (FDA) Premarket Tobacco Product Applications, they are not subject to federal taxes—which has created an effective price discount that has contributed to the explosion of youth use of e-cigarettes. The *Tobacco Tax Equity*

Act would follow the lead of 30 states and Washington, D.C. that have set their own state taxes, by setting a federal tax on these vaping products. The legislation also closes numerous tax and regulatory loopholes that the tobacco industry has exploited for large cigars, smokeless tobacco, and pipe tobacco by shifting production and sale schemes to avoid taxes and oversight, resulting in nearly \$4 billion in lost federal revenue between 2009 and 2018. In addition, large cigars, smokeless tobacco, and pipe tobacco remain dramatically undertaxed compared to cigarettes, at a time when their use—especially among youth—is trending at a comparable rate to cigarettes.

Tobacco is the leading cause of preventable death, annually accounting for 480,000 deaths—or 1 out of every 5 deaths—in America. Nearly one-third of the middle and high school students using tobacco products use two or more tobacco products. Tobacco use costs more than \$600 billion a year, including \$241 billion in direct medical care, 60 percent of which is paid through government programs such as Medicare and Medicaid, and \$365 billion in lost productivity.

The Institute of Medicine, U.S. Surgeon General, and World Health Organization have determined that increasing the price of tobacco products is the single most effective way to reduce tobacco use, with studies showing a 10 percent cigarette price increase results in a three-five percent reduction in consumption. The Government Accountability Office and Healthy People 2020 Agenda have recommended increases to equalize federal tax rates across tobacco products.

The *Tobacco Tax Equity Act of 2023* is endorsed by the Campaign for Tobacco-Free Kids, American Lung Association, American Heart Association, the American Public Health Association, American Academy of Pediatrics, Trust for America's Health, and National Association of County and City Health Officials.