

Durbin, Colleagues, Introduce Bill To Reduce Tobacco Use In America

April 22 2021 2:51 PM



The Tobacco Tax Equity Act of 2021 would establish first federal e-cigarette tax, increase tobacco tax rate & close tax loopholes

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 (IL-D-08) and seven other Senate Democrats, today introduced the bicameral *Tobacco Tax Equity Act of 2021*. The bill would help reduce youth 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. The bill would also apply tax parity across all tobacco products, including establishing the first federal e-cigarette tax and increasing the tobacco tax rate for the first time in a decade. According to public health experts, increasing the price of tobacco products is the single most effective way to reduce tobacco use, especially among youth.

“Tobacco-related disease accounts for one out of every five deaths in America, and I know that story firsthand. Data shows that the most effective strategy to prevent children from starting this deadly habit is to price it out of their range. This 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.

“Highly-addictive e-cigarettes are getting into the hands of more and more young people. These products provide an on-ramp for young people to start smoking tobacco cigarettes. A new generation of nicotine users has been created virtually overnight, and companies making billions are downplaying the health risks. I’ve seen this before—it’s the same playbook the tobacco companies ran for decades. To combat this growing public health threat, e-cigarettes must be taxed like tobacco cigarettes. We know that increasing the cost of cigarettes is the best way to prevent young people from being addicted,” said Wyden.

“Loopholes in our tax code continue to favor big tobacco while the American public, especially our youth, pays the price,” said Krishnamoorthi. “The Tobacco Tax Equity Act increases taxes on cigarettes and finally imposes taxes on the e-cigarettes hooking our children on nicotine, which would generate billions of dollars in federal revenue. As a father of a high schooler and middle schooler, I’m determined to make sure we end the youth nicotine and vaping epidemic.”

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

The *Tobacco Tax Equity Act of 2021* 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. The *Tobacco Tax Equity Act* would follow the lead of 21 states and Washington, DC that have set their own state taxes, by setting a federal tax on these tobacco 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 2014.

Tobacco is the leading cause of preventable and premature death, annually accounting for 480,000 deaths—or one out of every five 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.

According to the most recent public health data from CDC, 4.5 million youth are using tobacco products. Since 2016, America has seen a 64 percent increase in the number of middle- and high-school children using e-cigarettes – with four million teens currently vaping.

The *Tobacco Tax Equity Act of 2021* is endorsed by the Campaign for Tobacco-Free Kids, American Academy of Pediatrics American Lung Association, American Heart Association, American Cancer Society Cancer Action Network, American Public Health Association, National Association of County and City Health Officials, Trust for America's Health, and American Thoracic Society.

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