

September 24, 2021

The Honorable Chuck Schumer Majority Leader U.S. Senate Washington, DC 20510 The Honorable Ron Wyden Chair, Committee on Finance U.S. Senate Washington, DC 20510

Dear Leader Schumer and Chair Wyden:

We are writing to express our strong support for the tobacco tax provisions included in the portion of the Build Back Better Act that was approved last week by the House Ways and Means Committee. These provisions will generate substantial benefits to public health by helping prevent young people from starting to use tobacco products and encouraging current users to quit. At the same time, they will increase federal revenues, including by closing existing tax loopholes that have created incentives for tax avoidance. We thank you for your longstanding support for effective tobacco control efforts and urge that these tax provisions be retained as the Senate continues its work to develop and approve reconciliation legislation.

We are pleased to see that the tobacco tax increase in the Ways and Means legislation is based on Senator Durbin and Senator Wyden's Tobacco Tax Equity Act, which would double the federal cigarette

tax, close tobacco tax loopholes and achieve tax parity for other tobacco products. The Ways and Means legislation also includes an e-cigarette tax that was previously passed by the House and is similar to the e-cigarette tax that Senator Wyden introduced last Congress.

The evidence is clear that raising tobacco prices, including through higher taxes, is one of the most effective ways to reduce tobacco use, especially among youth, who are more sensitive to changes in price than adults. Decades of economic studies and Surgeon General reports show that significantly increasing the prices of tobacco products can reduce and prevent youth use of tobacco products. We estimate that the doubling of the federal cigarette tax in the Ways and Means reconciliation legislation would reduce the number of adult smokers by 1.1 million in the first year and would, over time, avoid 250,000 smoking-related premature deaths. It would also prevent 507,000 kids alive today from becoming smokers, which would further reduce smoking-related disease and premature death.

Increasing tobacco taxes will also help reduce health disparities. Americans with lower levels of education and income disproportionately experience the substantial health and financial burdens of smoking. The U.S. Centers for Disease Control and Prevention, the Task Force on Community Preventive Services, and other health experts recognize that these individuals will be more likely to quit due to a tobacco tax increase. Over time nearly half of the lives saved due to smoking reductions from the most recent federal tobacco tax increase in 2009 will be among those below the poverty line.

The federal tobacco tax code has not kept up with the latest generation of tobacco products on the market. E-cigarettes, which are currently not taxed at the federal level, are by far the most popular tobacco product among youth, and the U.S. Surgeon General and the Food and Drug Administration have called youth use of e-cigarettes an "epidemic." In 2020, 3.6 million middle and high school students were currently using e-cigarettes, including 19.6 percent of high school students. In 2018, the Surgeon General called for "aggressive steps to protect our children from these highly potent products that risk exposing a new generation of young people to nicotine." A federal tax on e-cigarettes is a long overdue response to the youth e-cigarette epidemic.

Furthermore, the current federal tobacco tax code contains loopholes that have created incentives for tax avoidance. The Government Accountability Office (GAO) has highlighted how certain manufacturers have avoided paying higher taxes on roll-your-own tobacco by re-labeling the product as "pipe" tobacco, which is taxed at substantially lower rates under the current tax code. The GAO also noted that some manufacturers have avoided the higher tax rates for cigarettes and small cigars by slightly modifying their products to qualify as large cigars. The GAO estimates that federal revenues lost as a result of these two loopholes ranged from \$2.6 billion to \$3.7 billion from April 2009 through February 2014. We strongly support the provisions in the Build Back Better Act, as approved by the Ways and Means Committee, to eliminate such tax loopholes.

We urge you to retain the Ways and Means Committee-approved tobacco tax provisions as the Senate crafts and takes up its reconciliation legislation. Including the tobacco tax increase will not only help pay for important public policy priorities but will also significantly improve public health by reducing tobacco's terrible toll on our nation's health.

Sincerely,

African American Tobacco Control Leadership Council

American Academy of Family Physicians

American Academy of Nursing

American Academy of Oral and Maxillofacial Pathology

American Academy of Oral and Maxillofacial Radiology

American Academy of Pediatrics

American Association for Dental, Oral, and Craniofacial Research (AADOCR)

American Association for Respiratory Care

American Cancer Society Cancer Action
Network

American College Health Association

American College of Cardiology

American Dental Education Association

American Heart Association

American Lung Association

American Public Health Association

American Society of Addiction Medicine

American Thoracic Society

Association for Clinical Oncology (ASCO)

Association for the Treatment of Tobacco Use and Dependence (ATTUD)

Association of Schools and Programs of Public Health

Association of State and Territorial Health Officials

Asthma and Allergy Foundation of America

Big Cities Health Coalition

Black Women's Health Imperative

Campaign for Tobacco-Free Kids

Cancer Prevention and Treatment Fund

Centerfor Black Health & Equity

ClearWay Minnesota

COPD Foundation

Eta Sigma Gamma – National Health Education Honorary

Family, Career and Community Leaders of America (FCCLA)

First Focus Campaign for Children

GO2 Foundation for Lung Cancer

International Association for the Study of Lung
Cancer

LULAC

National Association of Pediatric Nurse Practitioners

National Association of School Nurses National Association of Secondary School

Principals

National Association of Social Workers

National Commission for Health Education Credentialing, Inc.

National Hispanic Medical Association

National LGBT Cancer Network National Medical Association

Oncology Nursing Society

Parents Against Vaping e-cigarettes (PAVe)

Preventing Tobacco Addiction Foundation/Tobacco 21

Society for Public Health Education

Students Against Destructive Decisions (SADD)

The Society of State Leaders of Health and Physical Education

The Society of Thoracic Surgeons

Trust for America's Health