



HB 4062: ELECTRONIC CIGARETTE TAX

The sale of inhalant delivery systems, also called e-cigarettes, has expanded exponentially since arriving on the market in 2007. E-cigarettes are a new device designed to deliver nicotine, an addictive drug. Youth are especially susceptible to the effects of nicotine, and nicotine alters brain development in important ways.ⁱ ⁱⁱ Since 2014, e-cigarette use among Oregon high school students has tripled.ⁱⁱⁱ During the 2015 Legislative Session the legislature took the first step of regulating e-cigarettes and restricting the sale to only children over 18. We urge the legislature to take the next step to curb youth access by raising the price of e-cigarettes through an e-cigarette tax.

E-cigarettes are addictive and contain cancer-causing chemicals, posing serious health impacts.

- A recent study found that e-cigarettes expose users to significant amounts of cancer-causing gases including formaldehyde and acetaldehyde.^{iv}
- The prevalence of cancer-causing chemicals in e-cigarettes mean that teens who use e-cigarettes are not only being exposed to addictive nicotine but potentially a lifetime of exposure to potent carcinogens.^v
- E-cigarettes are also a gateway to smoking tobacco. High schoolers who used e-cigarettes were almost twice as likely as non-users to start smoking.^{vi, vii}

E-cigarette companies use sophisticated marketing strategies targeting you and sales are growing rapidly.



E-cigarette price being advertised between traditional cigarette pack prices.

- E-cigarette companies are now using the same advertising tactics to appeal to youth that the tobacco industry was banned from using nearly 20 years ago.
- E-cigarette companies target teens with ads featuring celebrities and messages of maturity.
- A recent study found that the average teen saw 21 TV ads.
- A 2014 study found companies market the products as cheaper (47%) than traditional cigarettes, potentially increasing their appeal among youth.
- In Oregon, disposable e-cigarettes had the highest annual dollar sales in 2013 over starter kits and refills.
- As e-cigarette sales grew rapidly, average prices generally stayed constant or fell.

Taxing E-cigarettes

E-cigarettes are made appealing to youth through marketing with celebrity endorsements, themes of youth and rebellion, and endless flavors (i.e. peach, vanilla, cherry). E-cigarettes can also be customizable adding to their appeal, available in a variety of prices and designs that can be placed into three broad categories:

- **Cigalikes:** look like conventional cigarettes and come in both disposable and rechargeable versions. The prices of these products generally range from \$5.00 to \$15.00.
- **eGos:** Also called vape pens, slightly larger in length and width than cigalikes, with a larger, more powerful battery and usually with a refillable tank or replaceable cartridge. There are many of these devices that can be purchased for \$10.00 to \$20.00.
- **Mods:** Larger products that use reusable/refillable tanks or cartridges, more powerful batteries, with different types of atomizers and heating elements; typically for more experienced users. Depending on the components one chooses to purchase these devices can be purchased for around \$30.00 or upwards of \$150.00.

Each type of e-cigarettes generally includes the same basic components: a battery, an atomizer (acts as the heating element), and a tank/cartridge that contains or can be refilled with a nicotine solution.

Increasing the price of e-cigarettes is an effective strategy for decreasing new users; this is especially true among youth — the most price sensitive consumers. ^{vii}

HB 4062 Overview

HB 4062 would create a 50% point-of-sale tax on e-cigarettes and corresponding nicotine solutions with 90% of the tax revenue going into the state general fund and 10% of the tax revenue going to tobacco prevention.

Support Protecting Oregon's Youth

Oregon's public and children's health advocates urges the Oregon Legislature to protect our children and youth by supporting HB 4062 to tax e-cigarettes at a rate that makes them unappealing to minors.

Nationally, e-cigarette use has surpassed all other tobacco products among middle and high school students. ^{ix} Following this trend, e-cigarette use among Oregon high school students has tripled since 2013. ^x

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- i. Sabharanjak, Shefali. Smoking and Adolescent Brain Development. 2012.
 - ii. Notes from the Field: Electronic Cigarette Use Among Middle and High School Students United States, 2011-2012. Morbidity and Mortality Weekly Report.
 - iii. Oregon Healthy Teens Survey. 2015.
 - iv. A Smoking Gun: Cancer Causing Chemicals in E-Cigarettes. Center for Environmental Health. 2015.
 - v. A Smoking Gun: Cancer Causing Chemicals in E-Cigarettes. Center for Environmental Health. 2015.
 - vi. E-Cigarette use triples among middle and high school students in just one year. Centers for Disease Control and Prevention.
 - vii. Primack B, et al. 2015. Progression to traditional cigarette smoking after electronic cigarette use among US adolescents and young adults. JAMA Pediatrics. Loomis, B. et al. National and State-Specific Sales and Prices for Electronic Cigarettes—U.S., 2012–2013. American Journal of Preventative Medicine.
 - viii. Campaign for Tobacco-Free Kids, Raising Cigarette Taxes Reduces Smoking, Especially Among Kids (And the Cigarette Companies Know It). 2015.
 - ix. E-Cigarette use triples among middle and high school students in just one year. Centers for Disease Control and Prevention.
 - x. Oregon Healthy Teens Survey. 2015.