E-Cigarettes: The Landscape

E-Cigarette Tax Policy Research Meeting
Oakland, California
January 22, 2015
E-Cigarettes

• **Nicotine Addiction: The Next Generation**
  – Aerosolizes Nicotine Laced Propylene Glycol Along with Other Chemicals and Flavorings
  
  – Long Term Health Impact Unknown

  – Touted as Potential Life Saving Cessation Device; Actual Promoter of Nicotine Addiction and Continued Tobacco Use
E-Cigarettes: A Moving Target

• 400+ makes and models
  – Closed systems; cig-a-likes
  – Open systems; tanks
  – Hookah Pens, Vape Pens

• 7700+ Flavorings
  – Menthol
  – All Banned FDA flavors

• Tax the Liquid; the Nicotine; the Devise
The E-Cigarette Explosion

• Market Size Continues to Increase
  – retail sales are over $2B currently;

• E-cigs could surpass consumption of conventional cigs within the next decade (by 2023).
  (Herzog, 2014)
tobacco industry Takes Over the E-Cigarette Industry

- **Convenience Store Sales**
  - Reynolds Vuse 44.8%
  - Lorillard blu 20.7%
  - Logic* Logic 15.5%
  - Altria Mark Ten 9.4%
  - NJOY* NJOY 5.2%

- (Herzog, Oct., 2014) * Privately held
Growth in Popularity; Emergence of a New Vaping Subculture

• Youth Smoking Rates Fall; E-Cigarette Use Rises
  – 2011 – Tobacco Use 24.3%
  – 2013 – Tobacco Use 22.9%
  – 2011 – E-Cigarette Use 1.5%
  – 2013 – E-Cigarette Use 4.5%
  – (CDC, 2014)
Monitoring the Future

- 8th graders, 8.7% reported using an e-cigarette in the past 30 days, while only 4% reported using a traditional cigarette.
- 10th graders, 16.2% reported using an e-cigarette and 7.2% reported using a traditional cigarette.
- 12th graders, 17.1% reported e-cigarette use and 13.6% reported use of a traditional cigarette.
FDA Regulation Far Off

• Proposed FDA Deeming Rules Don’t Include:
  – TV, Radio and Social Media Advertising bans
  – 7000 + Candy Flavorings, including Menthol ban
  – Internet and Mail Order Sales Continue with No Age Restrictions
  – Child Proofing Requirements
  – Warning Labels

• 130,000 submissions to review; years to complete
Cities and States

• Indoor Air Regulation

• Minor’s Restrictions
  – State Laws Prohibiting Sales to Minors and Indoor Use of Electronic Nicotine Delivery Systems — United States, November 2014
    – http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6349a1.htm
Minnesota and North Carolina

• Currently, only 2 states impose a tax on E-cigarettes
  – Minnesota: 95% of Combustible Cigarette tax on E-Cigarettes
  – North Carolina: 5 cents per milliliter of E-Juice