

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 Device

The E-Cigarette Explosion

- **Market Size Continues to Increase**
 - retail sales are over \$2B currently;
 - **\$10B by 2017.**
- **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**

- <http://no-smoke.org/pdf/ecigslaws.pdf>

- **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>

- <http://www.cdc.gov/mmwr/pdf/wk/mm6349.pdf>

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