

Taxing eCigarettes: What Research is Needed?

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What is the Goal of Taxing eCigs?

- Reducing consumption?
 - Internalizing an externality?
- Generating revenue?
- Getting people to consume more eCigs and fewer cigarettes?
- Treating eCigs comparably to Cigarettes?
- Treating eCigs comparably to other tobacco products?

There is a lot we don't know about eCigs!

- Some things can be addressed relatively quickly
- Other issues will take more time to understand
 - May take time to see effects
 - May take time to obtain needed data

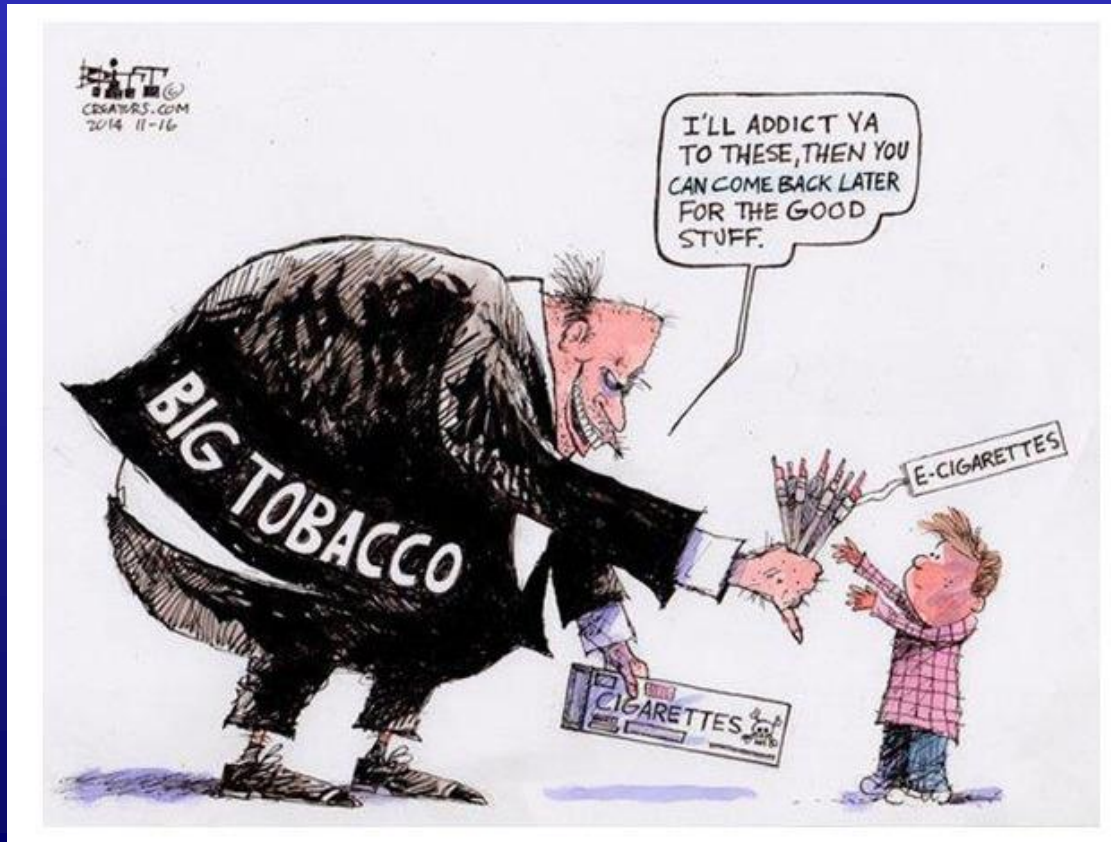
ST Research Needs: What is the Unit?

- What unit is to be taxed?
 - Volume of juice?
 - Nicotine equivalents?
 - Would different models of eCigs require different units? (disposable vs.refillable...)

ST Research Needs:

Who is Using eCigs and Why?

- Are they being used as starter products that lead to cigarette or other tobacco product use? Who are these people?



ST Research Needs:

Who is Using eCigs and Why? (con't)

- Are they being used by those who previously quit and now are returning to use a “safer” product? Who are these people?
- Are they being used by those who are cutting back on cigarette use on the way to cessation? Who are these people?

ST Research Needs: How are eCigs Consumed?

- What are the patterns of consumption?
- Smoked one puff at a time or more like cigarettes?
- Are they more likely to be consumed in certain circumstances?
 - In places where Cigs are prohibited?
 - Alone or with friends?...

ST Research Needs: What is the Impact of eCig use on Others?

- What is the impact of secondhand vapor on nonusers?
 - What are biomarkers of exposure and how are they impacted?

ST Research Needs: Revenue

- How much revenue would be generated under alternative tax rates?



ST Research Needs: Revenue

- What would be the potential of using that revenue for various purposes?
 - smoking cessation
 - eCig cessation
 - Education
 - Media
 - research...

ST Research Needs: Points of Sale

- Where are eCigs sold?
- What are the implications for tax collection/ enforcement?

ST Research Needs: Relation to Use of Other Tobacco Products

- Are eCigs complements or substitutes for Cigs?
- What other tobacco products?

LT Research Needs: Price Elasticity

- What is the price elasticity of demand for eCig use?
 - How will people respond to a price (tax) increase?
 - How does this vary by groups (R/E, age, income, urban/rural...)
- Would an eCig tax be regressive or progressive?

LT Research Needs: Health Effects for Users

- What are the health effects of eCig use on users?
 - Need to start collecting data now
 - Some effects may take a long time to show up, others more immediate
 - Include questions in the CHIS and national surveys (NHIS, MEPS, CPS TUS,...)

LT Research Needs: Healthcare Costs for Users

- What are the healthcare costs attributable to eCig use?
 - Again, need to start collecting data now

LT Research Needs: Health Effects for Non-Users

- What are the health effects of secondhand exposure to eCig vapor?

LT Research Needs:

Healthcare Costs for Non-Users

- What are the healthcare cost implications of eCig use on users and non-users exposed to vapor?

Some of the LT needs could be addressed using simulation in the ST

- E.g. We don't know the price elasticity of demand for eCigs but what if we assume it is the same as for cigs (or half, or $\frac{3}{4}$'s...)
 - How would this impact consumption?
 - How would this impact revenue?
 - How would this impact consumption of other tobacco products?

There is much work to be done!