



April 26, 2019

Dear Member of the Colorado Legislature,

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, I write to express our strong opposition to legislation based off of HB 19-1333. This misguided legislation would significantly increase the cigarette excise tax and impose a significant tax on products that help traditional tobacco users transition to less harmful vapor and alternative tobacco products. If lawmakers approve this ill-advised tax hike, it would harm public health, hurt small businesses, cause higher rates of cigarette smuggling, and require consumers to pay more for safer alternatives. We urge you to stand with taxpayers and reject this misconceived tax hike.

As you may be aware, vapor products contain no tobacco; they contain nicotine without the harmful chemicals found in traditional tobacco products. Therefore it is concerning that this legislation would apply a new 62 percent tax on vaping products. Subjecting vapor and e-cigarettes to an even higher tax rate compared to cigarettes would be an ill-advised approach to addressing public health concerns for tobacco users. If the vapor tax is approved, it would directly harm many Coloradans, particularly lower and middle-income tobacco users who wish to switch to products that may improve their health and well-being.

This legislation is proposed at a time when scientific literature is coalescing around the fact that vaping is significantly less harmful than traditional combustible cigarettes. A recent study has shown vaping can reduce the harm associated with smoking by as much as 95 percent and can be twice as effective as gum or patches to help users quit. It is growing clearer that vapor products are an innovative and effective bridge for smokers transitioning toward significantly less harmful alternatives. For years, government officials have taken steps to reduce the prevalence of tobacco usage, and the free market has produced a solution to address this serious problem. Support for policies that raise barriers for people to access safer alternatives, as the bill proposes to do, will simply derail efforts to lower health care costs and reduce government spending

In addition to raising taxes on potentially life saving devices and products, the bill would more than triple the cigarette excise tax from 84 cents per pack to \$2.59. Cigarette taxes are highly regressive, affecting lower-income earners far more than high-income earners. By raising the tax to \$2.59 per pack, Colorado would have one of the highest levies in the country with a rate significantly higher than each of its neighbors. This would create an incentive for black market purchases or for cross-border sales of tobacco products from neighboring states.

Due to its many problems, NTU strongly believes this proposal would harm Colorado consumers far more than it would help them. Accordingly, we encourage you to keep these concerns in mind as you work towards a more fiscally responsible future for Colorado consumers and consumers.

Sincerely,

Thomas Aiello
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