Chair Burrows and House Ways and Means Committee members:

The Texas Public Health Coalition, representing more than 30 health professional and health-focused organizations dedicated to disease prevention and health promotion, joined by the American Heart Association, Texas Medical Association, Texas Nurses Association, and Texas Pediatric Society, are grateful for the opportunity to comment on HB 4013, HB 3364, and HB 1144 relating to new sales and use taxes on e-cigarette vapor products.

We appreciate the committee considering the possibility of price increases on e-cigarette products to reduce their use, and we thank Representatives Miller, Springer, and Thierry for their leadership in proposing these pieces of legislation. **It is our coalition’s position that any proposed tax structure ought to achieve a price point that will meaningfully decrease use among youth, and any revenues generated from e-cigarette taxes should directly finance public health initiatives.** We write today to elaborate on these two points, and supply information we hope can be used to improve the promising bills before the committee today.

1. **Any tax on e-cigarette vapor products ought to achieve a price point that will meaningfully decrease use among youth.**
   In Texas, 41% of high school students have used vape products,¹ and across the U.S., JUUL vape products have more than 75% of the e-cigarette market share.² One effective strategy to deter youth tobacco use is increasing the product price through taxes. HB 4013, HB 3364, and HB 1144 impose sales and use taxes on e-cigarette vapor products of 5 cents per milliliter (mL). Consider one JUUL pod, which contains 0.7 mL of highly concentrated nicotine liquid and costs approximately $5 before tax. Under these bills, JUUL pods would be subject to an extra tax per pod of only 3.5 cents. Comparatively, a pack of cigarettes costs roughly $7 with both state excise and sales taxes. For this reason, **we believe a 5-cent/mL tax is insufficient to dissuade youth from purchasing e-cigarettes.**

   Alternatives exist that would deter e-cigarette use more effectively than any tax charged on a per-mL basis. For instance, we are encouraged by Representative Miller’s proposed changes in the substitute modifying the proposed 5-cent/mL tax to a 10% tax on total product cost. This would add 50 cents per JUUL pod in the above example and would adjust for inflation over time. Representative Miller’s focus on taxing total product cost versus taxing liquid volume also would prevent possible industry incentives to increase nicotine concentration.
levels in a smaller volume of product. Higher concentrations of nicotine accelerate addiction and dependence in youth.³

2. Any revenues generated from e-cigarette taxes should directly finance public health initiatives.

HB 4013 and HB 3364 would deposit tax revenues to the state’s general revenue fund, while HB 1144 directs tax revenues to the Children’s Health Insurance Program (CHIP). Evidence shows more smokers favor tobacco taxes when they are not a general revenue raising tool – in a study of current smokers, only 25% favored increasing taxes on cigarettes, but support climbed to 60% if taxes funded health care programs.⁴

While HB 1144 is on the right track by reinvesting in CHIP, our organizations suggest new revenues directly fund public health initiatives, especially those to prevent youth tobacco and e-cigarette use. Unlike the state’s CHIP obligations, tobacco prevention has been inconsistently funded in recent years. Since the 2016-17 biennium, millions of dollars have been cut from the Texas Department of State Health Services’ tobacco prevention budget, limiting the agency’s ability to combat youth tobacco and e-cigarette use over the same period that – according to the U.S. Food and Drug Administration – youth e-cigarette use has reached epidemic proportions.⁵

State investments in comprehensive tobacco prevention media campaigns are effective in lowering youth tobacco use.⁶,⁷ In Colorado, an integrated tobacco prevention and cessation public education campaign helped lower the state’s teen smoking rate to second lowest in the nation.⁸ Texas could benefit from similar tobacco prevention programs among teens and pregnant women. We believe the public will be most receptive to a new e-cigarette tax that fills an urgent state funding need and prevents future generations of Texans from becoming addicted to nicotine.

We appreciate the opportunity to comment and stand ready to assist the committee with any questions it may have.

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