

Nothing Fair about The Tobacco Tax Equity Act

The Tobacco Tax Equity Act is not equitable. While proponents of the Tobacco Tax Equity Act may have a universal disdain for tobacco, a harm reduction tax strategy relies on applying rates proportional to the products' risks on society. For example, NIH data from the Population Assessment of Tobacco and Health (PATH) illustrates that the average rates of consumption for certain tobacco products are inconsistent with consumer addiction. Different products also have unique economies, consumer demographics, and overall social and public health impacts. *For this reason they have always had distinct tax rates.*

Tobacco Tax Equity Act disproportionately targets the poor and communities of color. Civil rights activists such as Al Sharpton and the ACLU have already cautioned against tobacco policies that will spur illicit markets that will disproportionately affect vulnerable communities. This bill is a massive regressive tax that predominantly falls on those least able to afford it. *Worse, its largest tax increases focus on products culturally favored in black and brown communities.*

Tobacco Tax Equity will bankrupt small businesses and shift market control to large corporations. From field to consumer, the tobacco industry is composed of thousands of sole proprietors and small businesses. They are the family-owned manufacturers that blend hand rolled cigars and pipe tobacco. They are brick and mortar shop keepers on main street. Reminiscent of a tactic by organized crime, the Tobacco Tax Equity Act aims to extract the value of the tobacco industry as it drives bankruptcies and consolidation of market share. *It's big government, picking winners and losers.*

Tobacco is Highly Taxed at the State Level. 48 states and the District of Columbia tax "large cigars" and states tax these products as high as 95% of the wholesale price. Adding a federal tax hike will force businesses to close and deprive these states from this revenue. *The rate of the Tobacco Tax Equity Act isn't a feasible policy proposal for both industry and the states.*

Tobacco Tax Increases Fail to Perform. Health awareness and cultural shifts have led to rapid and steady decline in tobacco consumption for the past 40 years. According to the Department of Agriculture, the number of tobacco farms in the United States has decreased from approximately 180,000 to only 10,000. In 2009, Congress increased tobacco excise to fund SCHIP. Today, those revenues have dropped 27.4% according to OMB. That's a loss of over \$5 billion per year! *Responsible governance requires sustainable budget practices.*

21 year old adults can make reasoned decisions about tobacco consumption. Everyday adult consumers make personal decisions about the products they choose to consume and their health.

Underage tobacco consumption is against the law and should be addressed through support for law enforcement of T-21 and the many state laws that are aligned with this policy.

The Premium Cigar Association representing 3,000 small businesses retail tobacconists and 30,000 retail employees urges Congress to oppose the Tobacco Tax Equity Act of 2021 (S.1314/H.R. 2786).