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Indiana State Senate
200 W. Washington St., Rm. 206,
Indianapolis, IN 46204-2785

Dear Senator,

On behalf of the 32,026 members and supporters of the Council for Citizens Against Government Waste in the state of Indiana, I urge you to oppose increasing the tax on cigarettes to \$1.50 per pack of regular cigarettes, as well as a corresponding increase for larger cigarettes, and imposing an excise tax of 10 percent on gross retail sales of electronic cigarettes received by a retail dealer, which are included in HB 1001, a bill that provides for the budget of the state of Indiana.

While seemingly well-intended, excise taxes are an unreliable source of revenue that [does not raise](#) the intended income stream, and the funds that are raised are often diverted for unrelated purposes. Higher taxes on these products can lead to illicit activities, including smuggling and black markets. For example, the state of New York is known as the cigarette smuggling capital of the nation due to its high cigarette tax, [according](#) to the Tax Foundation, and other states have seen increases in smuggling when tobacco taxes are raised.

An excise tax on electronic cigarettes will discourage smokers from switching away from harmful combustible cigarettes to tobacco harm reduction methods, like vaping and heat-not-burn. Instead of adding a tax to e-cigarettes, it would be better to look at the course England has taken. In July 2017, England's Department of Health [released](#) "Towards a Smokefree Generation," a plan to reduce regularly smoking adults from 15 percent to 12 percent or less and regularly smoking 15 year-olds from 8 percent to 3 percent or less by 2022. Public Health England has maintained that vaping is 95 percent less harmful and is trying to assure smokers that it would be better to switch to vaping than to continue on the path of smoking, which is the single largest cause of preventable deaths.

Increasing or adding exorbitant taxes will [induce](#) a black market and the movement of illicit tobacco products into high-tax states from low-tax states and foreign sources, like [China](#), which produces the most tobacco in the world. Many Indiana citizens would choose to travel to Kentucky, which has a lower tax rate of [\\$1.10](#) per pack, or purchase products online.

Again, I strongly urge you to oppose the provisions of HB 1001 that would implement an excise tax on electronic cigarettes and raise the cigarette per pack tax.

Sincerely,

Tom Schatz