



January 28, 2025

SENT VIA EMAIL:

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**House Labor & Commerce Committee**

[House.Labor.And.Commerce@akleg.gov](mailto:House.Labor.And.Commerce@akleg.gov)

**RE: Pertaining to HB49; TOBACCO/NICOTINE/E-CIG AGE; E-CIG TAX**

Rep Hannan, Chair Field, Chair Hall, and members of the House Labor & Commerce Committee

The Cigar Association of America (CAA) submits the following comments on HB49. CAA is the leading national trade organization representing the interests of cigar manufacturers, importers, distributors, and major suppliers of the industry. CAA was founded in 1937 as a non-profit trade organization. Today, its member companies come from all sectors of the industry, from major manufacturers of handmade premium cigars to the largest producers of machine-made cigars. CAA members manufacture a significant share of the large, premium, little, and filtered cigars sold in the United States. Of particular importance for this bill is that its members also include the largest internet retailers of cigars and pipe tobacco.

We understand the intent of HB49 is to (i) raise the state minimum age of purchase of tobacco products to 21; (ii) impose a tax on e-cigarettes; and (iii) impose restrictions on the shipment of tobacco products into Alaska. We write concerning what appears to be a potential unintended consequence of the bill – which is to prohibit online direct-to-consumer sales of cigars and pipe tobacco to adult Alaska consumers.

Specifically, Section 18 puts provisions in place that online sales of tobacco products can be made to consumers if (i) a company is licensed; (ii) and is shipping to a person who has been verified through a third-party age verification service and the individual is receiving the tobacco products for individual consumption; and (iii) the excise taxes have been paid.

Currently, cigars and pipe tobacco are the only tobacco products that can be shipped direct to consumers under federal law as they were specifically exempted from the federal Prevent All Cigarette Trafficking Act (PACT Act). As such, under federal and Alaska law today, adult Alaskan consumers can order these products online for shipment to their homes. The online cigar and pipe tobacco retailers, if they meet economic requirements, register to collect and remit sales tax on these sales into Alaska, but there is no





mechanism under current law for these companies (as opposed to tobacco distributors and wholesalers) to be licensed or to calculate tobacco excise tax. If Section 18 were to be included as proposed, there would be unintended consequences of prohibiting these online retailers from selling into the state, as opposed to simply trying to address separate and distinct issues with sales of e-cigarettes.

All CAA member companies who ship cigars and pipe tobacco directly to consumers take age verification seriously, already employ third-party age verification services, and support this requirement being codified in Alaska law. We, however, request further consideration of Section 18 and the inclusions of revisions intended to keep the current status quo regarding online sales to adult cigar and pipe tobacco consumers, with added state laws regarding age verification.

We appreciate the committee's attention to our position and concerns regarding Section 18. We hope that the committee will carefully consider our input during deliberations.

Respectfully submitted,

Scott Pearce  
President,  
Cigar Association of America, Inc.



**Testimony before the Alaska House of Representatives  
Labor and Commerce Committee  
Regarding Taxing Vapor Products  
Lindsey Stroud, Senior Fellow  
Taxpayers Protection Alliance  
January 29, 2025**

Co-Chairs Fields and Hall, and Members of the Committee on Labor and Commerce:

Thank you for your time today to discuss taxing vapor products in the Last Frontier. My name is Lindsey Stroud and I'm a Senior Fellow at the Taxpayers Protection Alliance (TPA). TPA is a non-profit, non-partisan organization dedicated to educating the public through the research, analysis, and dissemination of information on the government's effects on the economy.

While efforts to reduce youth use of age-restricted products is laudable, flawed policies including excessive taxation e-cigarettes – or tobacco harm reduction products – disregards declines in youth vapor use. Moreover, it unfairly punishes adults who rely on e-cigarettes to both quit smoking, as well as remain smoke-free.

**Key Points:**

- In 2023, 15.3 percent of Alaskan adults (88,359 individuals) smoked cigarettes, a 3.8 percent decrease from 2022.
- Smoking prevalence is highest among lower-income adults (36.6 percent) and less educated adults (35.3 percent with less than a high school diploma).
- In 2023, 10.6 percent of Alaskan adults (59,137 individuals) used e-cigarettes, a 55.9 percent increase from 2022.
- Between 2016 and 2023, adult e-cigarette use rose by 158.5 percent, with 36,365 more users in 2023 compared to 2016.
- Youth combustible cigarette use reached record lows in 2023. Only 6.5 percent of high schoolers reported past-month cigarette use, while 0.8 percent were smoking daily.
- E-cigarette use has also declined. Between 2019 and 2023, ever-use and past-month use decreased by 17.5 percent and 33.7 percent, respectively.
- Tobacco harm reduction products, such as e-cigarettes, heated tobacco, snus, and nicotine pouches, are significantly less harmful than traditional cigarettes.
- In 2023, Alaska collected \$60.7 million from tobacco taxes and settlement payments but allocated only \$6.5 million (10.4 percent) toward tobacco control programs.

**Cigarette and E-Cigarette Use Alaska Adults**

In 2023, according to the most recent data from the Centers for Disease Control and Prevention (CDC), an estimated 88,359 adults (or 15.3 percent of Alaskans) were currently smoking.<sup>1</sup> This is 3.8 percent decrease from 2022 when 15.9 percent reported current cigarette use. There were

3,036 fewer adults smoking in 2023 compared to 2022. Among all adults earning \$25,000 annually or less in 2023, more than one-third (36.6 percent) reported currently smoking, compared to only 9 percent of adults who earned \$50,000 or more per year. Less educated adults were more likely to smoke, with 35.3 percent of adults with less than a high school diploma or G.E.D. smoking in 2023 compared to only 5.2 percent of Alaska adults who had earned a college degree.

In 2023, an estimated 59,137 Alaska adults (or 10.6 percent) were currently using e-cigarettes. This is a 55.9 percent increase from 2022 when 6.8 percent reported current e-cigarette use. There were an estimated 21,133 additional adults vaping in 2023 compared to 2022. There has been a 158.5 percent increase in adults vaping between 2016 and 2023. Further, there were an additional 36,365 Alaska adults vaping in 2023 compared to 2016.

Similar to smoking rates, lower income and lower educated adults were more likely to vaping Alaska. Among all adults earning \$25,000 annually or less in 2023, 10.2 percent reported currently vaping, compared to only 5.4 percent of adults who earned \$50,000 or more per year. Less educated adults were more likely to vape, with 14.9 percent of adults with less than a high school diploma or G.E.D. vaping in 2023 compared to only 2.2 percent of Alaskan adults who had earned a college degree.

### **Youth Tobacco and Vape Use**

The proposed legislation ignores the historic lows in youth use of traditional tobacco products, as well as significantly declines in e-cigarette use.

According to the Youth Risk Behavior Survey, among Alaska high school students, in 2023:

- 22.8 percent had ever tried a combustible cigarette
- 6.5 percent reported past-month cigarette use
- 1 percent were currently smoking cigarettes frequently (20 or more days)
- 0.8 percent were currently smoking cigarettes daily

Between 2003 and 2023:

- Frequent use of cigarettes decreased by 87.5 percent
- Daily use of cigarettes declined by 86.4 percent
- Past-month use of cigarettes declined by 66.1 percent
- Ever-use of cigarettes decreased by 59.4 percent

Vapor product use has significantly declined in recent years. Among Alaska high school students, in 2023:

- 37.8 percent had ever tried a vapor product
- 17.3 percent reported past-month vapor product use
- 7.3 percent were vaping frequently
- 5.5 percent reported daily vaping

Ever-use and past-month use of vapor products has declined in recent years, while frequent and daily use was slightly up. Between 2019 and 2023, ever-use and past-month use of vapor products decreased by 17.5 percent and 33.7 percent, respectively. During the same time period, frequent use of e-cigarettes increased by 7.4 percent, from 6.8 percent of high schoolers to 7.3 percent, while daily use increased from 4.5 percent to 5.5 percent.

Other tobacco product use is also down among Alaska high schoolers. In 2023, only 7 percent of students reported past-month use of smokeless tobacco products, while 3.2 percent reported past-month cigar use.

Given the lows in youth use of traditional tobacco products, as well as continued declines in youth vapor product use, enacting sin taxes on e-cigarettes to address youth vaping is not necessary policy and unfairly burdens adults seeking safer alternatives.

### **Harm Reduction Products Shouldn't Be Burdened by Sin Taxes**

Excise taxes are often used to deter persons from harmful substances, including combusted tobacco products. Policymakers should refrain from imposing excessive taxes on products that are less harmful and have been found effective in helping adults quit smoking.

An estimated 30.8 million American adults smoked in 2020, or approximately 12.5 percent of the U.S. population.<sup>2</sup> Smoking-related disease and deaths cost the United States more than \$300 billion each year, including \$225 billion attributed to medical costs and more than \$156 billion due to lost productivity.<sup>3</sup>

In 1976, famed tobacco research Michael Russell remarked “people smoke for the nicotine, but die from the tar.”<sup>4</sup> Today, cigarettes contain nearly 600 ingredients and when ignited release more than 7,000 chemicals in the tobacco smoke, including 69 which are known to cause cancer.<sup>5</sup>

Nicotine, while not benign, is not responsible for causing cancer or the other ill effects caused by combustible cigarette smoke. In fact, the U.S. Food and Drug Administration (FDA),<sup>6</sup> the CDC,<sup>7</sup> and the American Cancer Society<sup>8</sup> all acknowledge that nicotine has addictive properties but is not responsible for the harms caused by various tobacco products.

Given that nicotine itself is not the harm-causing property of tobacco, consumers and manufacturers have moved forward with giving adults the options to try and switch to less harmful tobacco products, otherwise known as tobacco harm reduction.

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Tobacco harm reduction takes into account the science and the individual, all the while reducing the harms related to cigarette smoking. Rather than shaming persons addicted to nicotine, tobacco harm reduction offers them an opportunity to use a less harmful product, while delivering nicotine in a manner that is effective at reducing their cravings.

- **E-Cigarettes:** Despite media alarmism, e-cigarettes are significantly less harmful than combustible cigarettes, as noted by numerous public health agencies. In 2015, Public Health England found e-cigarettes to be 95 percent less harmful than combustible cigarettes.<sup>9</sup> In 2021, the agency noted that “vaping is positively associated with quitting smoking successfully.”<sup>10</sup> In 2016, the UK Royal College of Physicians declared that e-cigarettes were unlikely to exceed five percent of the harms that are caused by smoking.<sup>11</sup> Not only does the UK government subsidize e-cigarettes as a cessation tool for people who smoke, vape shops can be found in hospitals in the country. In the United States, in 2018, of the estimated 10 million vapers, approximately 3 million had previously used combustible cigarettes.<sup>12</sup> In 2021, the FDA, through a new regulatory pathway, authorized the first e-cigarette product, finding that the product is “significantly less toxic than combusted cigarettes” and “could benefit addicted adult smokers who switch ... by reducing their exposure to harmful chemicals.”<sup>13</sup>
- **Heated Tobacco:** The FDA has not only allowed for the marketing of a heated tobacco product, the manufacturer has been permitted to market it with a reduced risk claim, including that due to the product heating tobacco and not burning it, the process “significantly reduces the production of harmful and potentially harmful chemicals.”<sup>14</sup> While the rollout in America has been limited (and currently hindered by a patent dispute), in other countries, heated tobacco products have been linked to significant reductions in adult smoking rates. A 2020 study by the American Cancer Society remarked that heated tobacco products “likely reduced cigarette sales in Japan.”<sup>15</sup>
- **Nicotine pouches:** Nicotine pouches are used the same way as snus but deliver nicotine via infused fillers like plant-based fibers instead of pasteurized tobacco. They are the newest innovation on the nicotine market and they are as or less harmful than snus. As a result, they have been rising in popularity across the world. For example, a May 2022 study assessed the potential effect of nicotine pouches if introduced in the U.S. in 2000. The study estimated there would have been about 700,000 fewer deaths by 2050.
- **Nicotine Replacement Therapy (NRT):** NRT is the most endorsed form of tobacco harm reduction and is subsidized by federal and state health care quit-smoking programs. NRT includes gums, patches, lozenges, and prescription medication. Studies have found that similar rates of cessation success among users of various NRT products and smokeless and snus products.<sup>16</sup> Other tobacco harm reduction products have been found to be more effective. For example, a 2019 randomized controlled trial found that e-cigarettes were almost twice as effective as NRT in aiding in smoking cessation.<sup>17</sup>



- **Smokeless:** Smokeless tobacco poses much lower risks than smoking, all while containing nicotine. A 2009 *Biomed Central* study analyzed 89 studies of smokeless tobacco use and cancer finding “very little evidence” of smokeless tobacco producing elevated cancer risks.<sup>18</sup> A 2011 review of epidemiologic studies found that snus and smokeless tobacco use to be “99% less hazardous than smoking.”<sup>19</sup>
- **Snus:** Snus is an oral moist tobacco often used in pouches. It originated in Sweden and has been part of the country’s “tobacco culture” for more than a century. Snus has been directly linked to reducing smoking rates in the country. Swedish men, who have the highest rate of smokeless tobacco use in Europe and the lowest smoking rate, “also have the lowest rates of lung cancer and other smoking-related diseases in Europe.”<sup>20</sup> Further, a 2020 long-term study of Swedish snus users that were former smokers concluded that over “80% found snus of great importance to succeed with smoking cessation.”<sup>21</sup>

### **Existing Tobacco Monies Not Being Used Effectively**

Each year, states receive billions of dollars borne out of the lungs of persons who smoke. This revenue includes excise cigarette taxes and settlement payments. Yet, each year, states spend miniscule amounts of tobacco-related monies on programs to help adults quit smoking and prevent youth use.

In 2023, Alaska collected \$37.5 million in state excise tax revenue from combustible cigarettes. This was a 3.6 percent decrease from 2022’s \$38.9 million, or \$1.4 million less. Between 2003 and 2023, Alaska collected more than \$1 billion in cigarette taxes.

Since the 2000s, Alaska collected annual payments from tobacco manufacturers based on the percentage of cigarettes and tobacco products sold in the state in that year. Alaska collected \$23.2 million in settlement payments in 2023, a 5.9 percent increase from 2022’s \$21.9 million, or an additional \$1.3 million. Since 2003, the Last Frontier collected an estimated \$575.5 million in tobacco settlement payments.

While Alaska collected \$60.7 million in tobacco-related monies in 2023, the state allocated only \$6.5 million in state funding towards tobacco control programs, including cessation, education, and youth prevention efforts, which was a 28.6 percent decrease in funding from 2022, or \$100,000 less. This amounts to 17.3 percent of taxes and 28 percent of settlement payments. In 2023, for every \$1 the state received in tobacco monies, it spent only \$0.11 on tobacco control efforts. Between 2003 and 2023, Alaska collected more than \$1.6 billion tobacco monies, yet spent only \$171.8 million (or 10.4 percent) on tobacco control efforts during the same period.

### **Conclusion**

While addressing youth use of age-restricted products is an important goal, imposing excessive taxes on tobacco harm reduction products such as e-cigarettes undermines the significant strides

made in reducing both youth and adult smoking rates. These taxes unfairly burden adults seeking safer alternatives and ignore the proven benefits of harm reduction strategies. Instead, policymakers should focus on utilizing existing tobacco revenues more effectively to support cessation programs and public education.

<sup>1</sup> Lindsey Stroud, “Tobacco & Vaping 101: Alaska,” Taxpayers Protection Alliance, January 24, 2024, <https://www.protectingtaxpayers.org/analysis/tobacco-vaping-101-alaska-4/>.

<sup>2</sup> Centers for Disease Control and Prevention, “Current Cigarette Smoking Among Adults in the United States,” *Smoking & Tobacco Use*, March 17, 2022, [https://www.cdc.gov/tobacco/data\\_statistics/fact\\_sheets/adult\\_data/cig\\_smoking/index.htm](https://www.cdc.gov/tobacco/data_statistics/fact_sheets/adult_data/cig_smoking/index.htm).

<sup>3</sup> Office of the Associate Director for Policy and Strategy, “Health Topics – Tobacco,” Centers for Disease Control and Prevention, September 30, 2021, <https://www.cdc.gov/policy/polaris/healthtopics/tobacco/index.html>.

<sup>4</sup> M. A. H. Russell, “Low-tar medium-nicotine cigarettes: a new approach to safer smoking,” *British Medical Journal*, June 12, 1976, <https://www.bmj.com/content/bmj/1/6023/1430.full.pdf>.

<sup>5</sup> National Cancer Institute, “Harms of Cigarette Smoking and Health Benefits of Quitting,” December 19, 2017, <https://www.cancer.gov/about-cancer/causes-prevention/risk/tobacco/cessation-fact-sheet>.

<sup>6</sup> U.S. Food and Drug Administration, “Nicotine Is Why Tobacco Products Are Addictive,” June 29, 2022, <https://www.fda.gov/tobacco-products/health-effects-tobacco-use/nicotine-why-tobacco-products-are-addictive>.

<sup>7</sup> Centers for Disease Control and Prevention, “Quit smoking medicines are much safer than smoking,” *Tips From Former Smokers*®, January 7, 2022, <https://www.cdc.gov/tobacco/campaign/tips/quit-smoking/quit-smoking-medications/3-reasons-to-use-medicines-when-you-quit/quit-medicines-are-safer-than-smoking/index.html>.

<sup>8</sup> American Cancer Society, “Health Risks of Smokeless Tobacco,” October 28, 2020, <https://www.cancer.org/healthy/stay-away-from-tobacco/health-risks-of-tobacco/smokeless-tobacco.html>.

<sup>9</sup> A. McNeill *et al.*, “E-cigarettes: an evidence update,” *Public Health England*, August 2015, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/733022/Ecigarettes\\_an\\_evidence\\_update\\_A\\_report\\_commissioned\\_by\\_Public\\_Health\\_England\\_FINAL.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733022/Ecigarettes_an_evidence_update_A_report_commissioned_by_Public_Health_England_FINAL.pdf).

<sup>10</sup> Ann McNeill *et al.*, “Vaping in England, an evidence update including vaping for smoking cessation,” February 2021, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/962221/Vaping\\_in\\_England\\_evidence\\_update\\_February\\_2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962221/Vaping_in_England_evidence_update_February_2021.pdf).

<sup>11</sup> Royal College of Physicians, “Nicotine without smoke: Tobacco harm reduction,” April 28, 2016, <https://www.rcplondon.ac.uk/projects/outputs/nicotine-without-smoke-tobacco-harm-reduction>.

<sup>12</sup> Nicholas Bakalar, “From 0 to 10 Million: Vaping Takes Off in the U.S.,” *The New York Times*, August 31, 2018, <https://www.nytimes.com/2018/08/31/health/vaping-cigarettes-nicotine.html>.

<sup>13</sup> U.S. Food and Drug Administration, “FDA Permits Marketing of E-Cigarette Products, Marking First Authorization of Its Kind by the Agency,” *FDA News Release*, October 12, 2021, <https://www.fda.gov/news-events/press-announcements/fda-permits-marketing-e-cigarette-products-marking-first-authorization-its-kind-agency>.

<sup>14</sup> U.S. Food and Drug Administration, “FDA Authorizes Marketing of IQOS Tobacco Heating System with ‘Reduced Exposure’ Information,” *FDA News Release*, July 7, 2020, <https://www.fda.gov/news-events/press-announcements/fda-authorizes-marketing-iqos-tobacco-heating-system-reduced-exposure-information>.

<sup>15</sup> Michael Stoklosa *et al.*, “Effect of IQOS introduction on cigarette sales: evidence of decline and replacement,” *Tobacco Control*, July 29, 2020, <https://pubmed.ncbi.nlm.nih.gov/31209129/>.

<sup>16</sup> Paul R. Nelson *et al.*, “Randomized Trial to Compare Smoking Cessation Rates of Snus, With and Without Smokeless Tobacco Health-Related Information, and a Nicotine Lozenge,” *Nicotine & Tobacco Research*, January 24, 2018, <https://academic.oup.com/ntr/article/21/1/88/4823099>.

<sup>17</sup> Peter Hajek *et al.*, “A Randomized Trial of E-Cigarettes versus Nicotine-Replacement Therapy,” *The New England Journal of Medicine*, February 14, 2019, <https://www.nejm.org/doi/full/10.1056/nejmoa1808779>.

<sup>18</sup> Brad Rodu, “New Study Documents the Health Effects from Snus Use: Almost Zero,” *Tobacco Truth*, January 19, 2011, <https://rodutobaccotruth.blogspot.com/2011/01/new-study-documents-health-effects-from.html>.



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<sup>19</sup> Brad Rodu *et al.*, “Vaping, E-Cigarettes, and Public Policy Toward Alternatives to Smoking,” *The Heartland Institute*, February 20, 2017, <https://www.heartland.org/publications-resources/publications/vaping-e-cigarettes-and-public-policy-toward-alternatives-to-smoking>.

<sup>20</sup> Brad Rodu, “Smoking in the European Union: How Swede It Could Be,” *Tobacco Truth*, August 3, 2009, <https://rodutobaccotruth.blogspot.com/2009/08/smoking-in-european-union-how-swede-it.html>.

<sup>21</sup> Tove Sohlberg and Peter Wennberg, “Snus cessation patterns – a long-term follow-up of snus users in Sweden,” *Harm Reduction Journal*, September 10, 2020, <https://harmreductionjournal.biomedcentral.com/articles/10.1186/s12954-020-00405-z>.

# Tobacco & Vaping 101:

## Alaska 2025

Lawmakers are often bombarded with misinformation on the products used by adults in their state. This annual analysis provides up-to-date data on the adults who use cigarettes and e-cigarette products in the Last Frontier. This information also includes data on youth use, impacts of e-cigarettes and analyses of existing tobacco monies.

### Key Points:

- In 2023, 88,359 Alaska adults (15.3 percent) were currently smoking. This is a 3.8 percent decrease from 2022 and represents 3,036 fewer adults smoking.
- In 2023 (among all Alaska adults), 7.8 percent of 18- to 24-year-olds, 17.4 percent of 25–44-year-olds, 19.6 percent of 45–64-year-olds, and 9.8 percent of adults aged 65 years or older were currently smoking combustible cigarettes.
- Among all adults earning \$25,000 or less in 2023, 36.6 percent were currently smoking compared to 9 percent of adults earning \$50,000 or more.
- Among all smoking adults in Alaska in 2023, 46.6 percent were White, 29 percent were American Indian/Alaska Native, 11.9 percent were Multiracial (non-Hispanic), 4.9 percent were Hispanic, 3.1 percent were Black, 2.4 percent were Asian, and 2.1 percent were adults identifying as “Other.”
- In 2023, 59,137 Alaska adults (10.6 percent) were currently using e-cigarettes. This is a 55.9 percent increase from 2022 and represents 21,133 additional adults vaping.
- Among all vaping adults in Alaska in 2023, 26.7 percent were 18 to 24 years old, 53.7 percent were 25 to 44 years old, 16.1 percent were 45 to 64 years old, and 3.5 percent were 65 years or older.
- In 2023, for every one Alaska high school student who was smoking, more than 33 adults were currently using cigarettes.
- In 2023, for every one Alaska high school student who was vaping, more than eight adults were currently using e-cigarettes.
- The introduction of e-cigarettes has not led to increases in cigarette smoking, but rather, correlates with significant declines in smoking rates among young adults.
- Between 2016 and 2023, smoking rates among Alaska adults aged 18 to 24 years old decreased by 54.1 percent.
- E-cigarette use has declined among Alaska young adults. Between 2022 and 2023, e-cigarette use among 18- to 24-year-olds decreased by 15.2 percent.
- Cigarette excise taxes in Alaska disproportionately impact low income and low education persons, while failing to significantly reduce smoking rates among that class.
- Among Alaska adults earning \$25,000 or less, smoking rates increased on average by 0.3 percent annually between 2003 and 2023, while rates among adults earning \$50,000 or more decreased by 2.4 percent during the same period.
- In 2023, among Alaska adults who did not graduate high school, 35.3 percent were currently smoking, while only 9 percent of college graduates were smoking.
- Alaska woefully underfunds programs to prevent youth use of tobacco and/or vapor products and help adults quit smoking, while simultaneously receiving millions of dollars from the pockets of the adults who smoke. In 2023, for every \$1 the state received in tobacco monies, it spent only \$0.11 on tobacco control efforts.

# Tobacco & Vaping 101:

## Alaska 2025

### Adult Combustible Cigarette and E-Cigarette Use

In 2023, according to data from the annual Behavioral Risk Factor Surveillance System survey, conducted by the Centers for Disease Control and Prevention, an estimated 88,359 adults (or 15.3 percent of Alaskans) were currently smoking. This is a 3.8 percent decrease from 2022 when 15.9 percent reported current cigarette use. There were 3,036 fewer adults smoking in 2023 compared to 2022.

In 2023 (among all Alaska adults), 7.8 percent of 18- to 24-year-olds, 17.4 percent of 25–44-year-olds, 19.6 percent of 45–64-year-olds, and 9.8 percent of adults aged 65 years or older were currently smoking combustible cigarettes. Between 2022 and 2023, smoking rates among 18- to 24-year-olds decreased by 21.2 percent and among 25–44-year-olds by 9.4 percent. Smoking rates increased among 45–64-year-olds by 3.2 percent and among adults aged 65 years or older by 11.4 percent.

Among all adults earning \$25,000 annually or less in 2023, 36.6 percent reported currently smoking, compared to 9 percent of adults who earned \$50,000 or more per year.

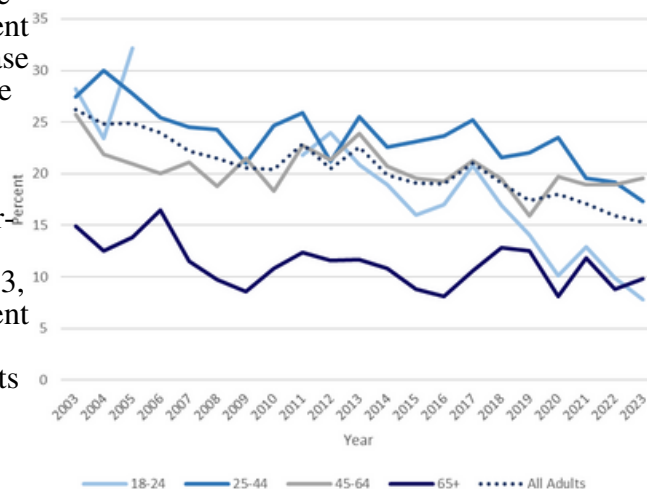
In Alaska, American Indian/Alaska Native adults reported smoking at a greater percentage of their identified race at 32.4 percent. This is compared to 24 percent of adults identifying as “Other,” 23.4 percent of Multiracial (non-Hispanic) adults, 13.9 percent of Black adults, 11.7 percent of White adults, 11.2 percent of Hispanic adults, and 6.4 percent of Asian adults.

Yet, White adults made up a significantly larger percentage of Alaska’s total adult smoking population. In 2023, White adults accounted for 46.6 percent of the Alaska’s current smoking population, compared to American Indian/Alaska Native adults, who made up 29 percent. Multiracial (non-Hispanic) adults accounted for 11.9 percent, Hispanic adults made up 4.9 percent, Black adults accounted for 3.1 percent, Asian adults made up 2.4 percent, and adults identifying as “Other” accounted for 2.1 percent of Alaska’s adult smoking population in 2023.

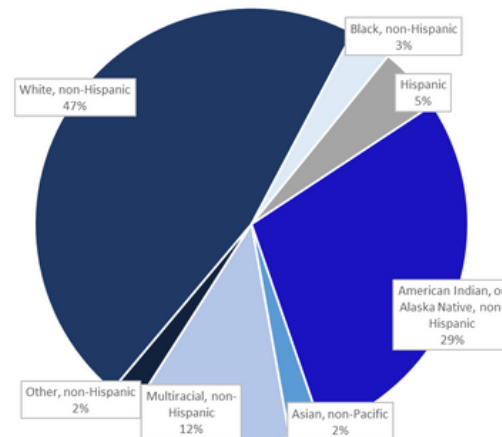
In 2023, an estimated 59,137 Alaska adults (or 10.6 percent) were currently using e-cigarettes. This is a 55.9 percent increase from 2022 when 6.8 percent reported current e-cigarette use. There were an estimated 21,133 additional adults vaping in 2023 compared to 2022. Additionally, there has been a 158.5 percent increase in adults vaping between 2016 and 2023. There were an additional 36,365 Alaska adults vaping in 2023 compared to 2016.

Among Alaska adults currently using e-cigarettes in 2023, 26.7 percent were 18 to 24 years old, 53.7 percent were 25 to 44 years old, 16.1 percent were 45 to 64 years old, and 3.5 percent were 65 years or older. Among adult e-cigarette users in Alaska in 2023, 73.3 percent were 25 years or older.

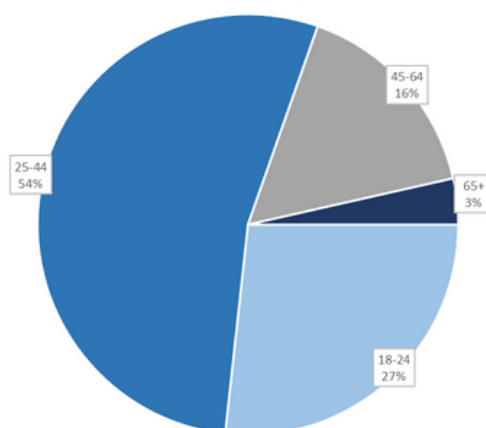
Adult Smoking Rates by Age  
Alaska



Percent of Adults Who Smoke, by Race  
Alaska 2023



Percent of Adults Who Vape, by Age  
Alaska 2023



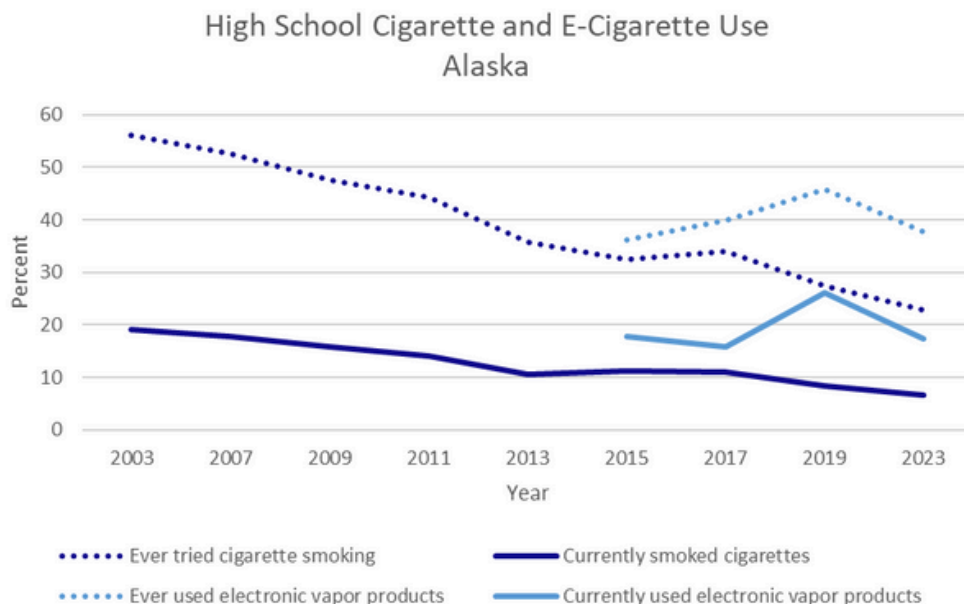
# Tobacco & Vaping 101:

## Alaska 2025

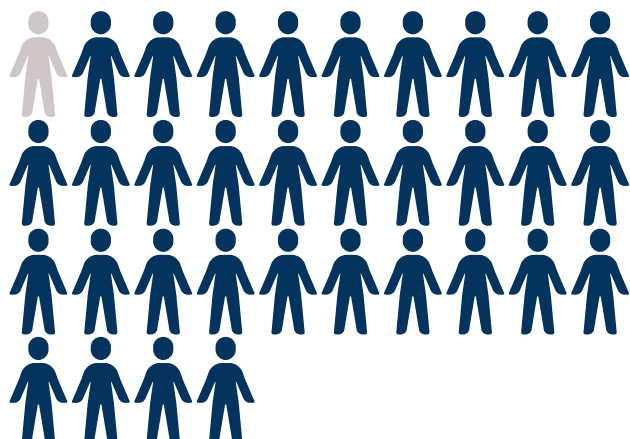
### Youth Combustible Cigarette and E-Cigarette Use

Youth smoking rates are at historic lows in the Last Frontier. In 2023, 22.8 percent of high school students reported ever trying combustible cigarettes, while 6.5 percent reported currently smoking, or having used the product on at least one occasion in the 30 days prior. In 2023, approximately 2,568 Alaska high school students were smoking, compared to an estimated 85,359 Alaska adults aged 18 and over who were currently smoking. For every one high schooler student smoking in 2023 in Alaska, more than 33 adults were currently smoking.

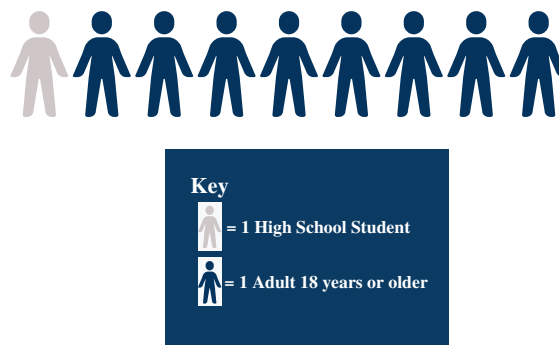
Youth vaping continues to decline in the Last Frontier. In 2023, 37.8 percent of Alaska high school students reported ever using an e-cigarette, and 17.3 percent reported current use. Between 2019 and 2023, ever-use of e-cigarettes decreased by 17.5 percent, while current use declined by 33.7 percent. In 2023, approximately 6,834 Alaska high school students were vaping, compared to 59,137 Alaska adults aged 18 and over who were currently vaping. For every one high schooler vaping in 2023 in Alaska, more than eight adults were using e-cigarettes.



### Youth to Adult Smoking Ratio Alaska 2023



### Youth to Adult Vaping Ratio Alaska 2023



# Tobacco & Vaping 101:

## Alaska 2025

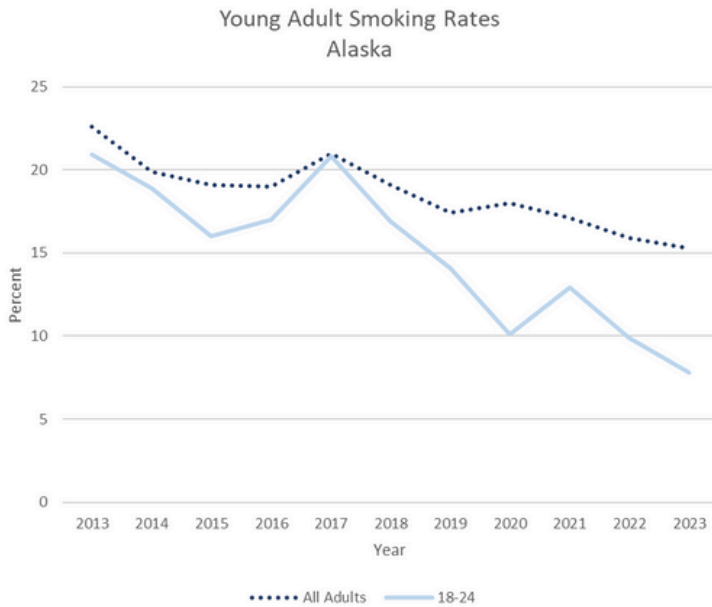
### Young Adult Cigarette Use

The introduction of e-cigarettes has not led to increases in young adult cigarette smoking, but rather, correlates with significant declines.

In 2016, 17 percent of Alaskans aged 18 to 24 years old were currently smoking. Between 2016 and 2023, smoking rates among young adults in the Last Frontier decreased by 54.1 percent. Comparatively, among all Alaska adults, smoking rates decreased by 19.5 percent during the same period. It should be noted that young adult smoking rates are at some of their lowest levels recorded, and are declining continuing to decline. Between 2022 and 2023, young adult smoking rates decreased by 21.2 percent, compared to a 3.8 percent reduction among all adults.

E-cigarette use has also decreased among young Alaska adults. In 2023, 15.6 percent of 18- to 24-year-olds were currently using e-cigarettes, which was a 15.2 percent decrease from 2022.

Given the epic lows in young adult smoking rates, lawmakers must refrain from policies that restrict access to alternatives to smoking.

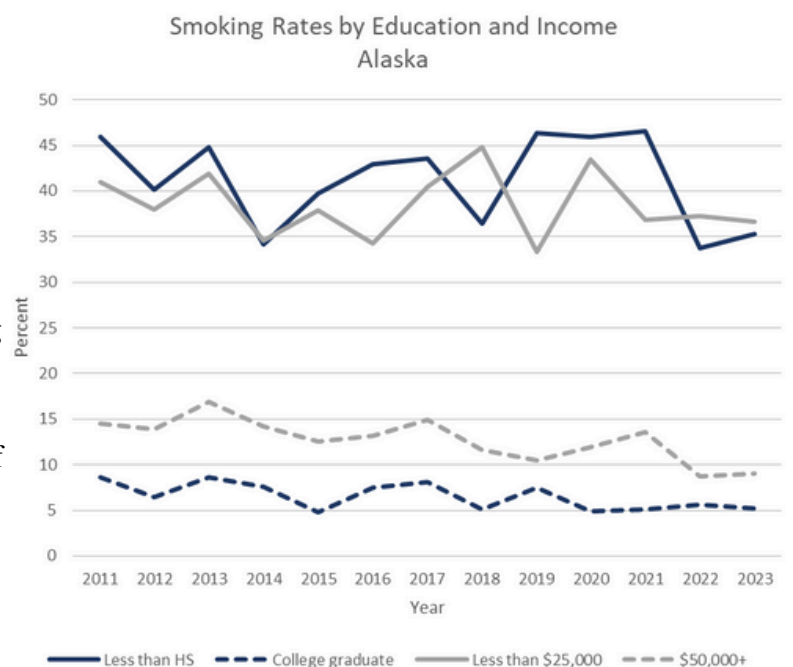


### Effects of Cigarette Excise Taxes

Alaska currently imposes a \$2.00-per-pack state cigarette excise tax. Lawmakers often justify excise taxes on cigarettes to deter persons from using combustible cigarettes. These taxes not only disproportionately harm lower income and lower educated adults; the taxes also fail to significantly reduce smoking rates among those persons.

Among Alaska adults earning \$25,000 or less, smoking rates increased on average by 0.3 percent annually between 2003 and 2023, while rates among adults earning \$50,000 or more decreased by 2.4 percent during the same period. Among Alaskans who did not graduate high school, 35.3 percent were currently smoking in 2023, compared to 9 percent of college graduates who were smoking.

Lawmakers should refrain from enacting further increases in cigarette taxes given their disproportionate effect on low-income persons, while failing to reduce smoking rates.





# Tobacco & Vaping 101:

## Alaska 2025

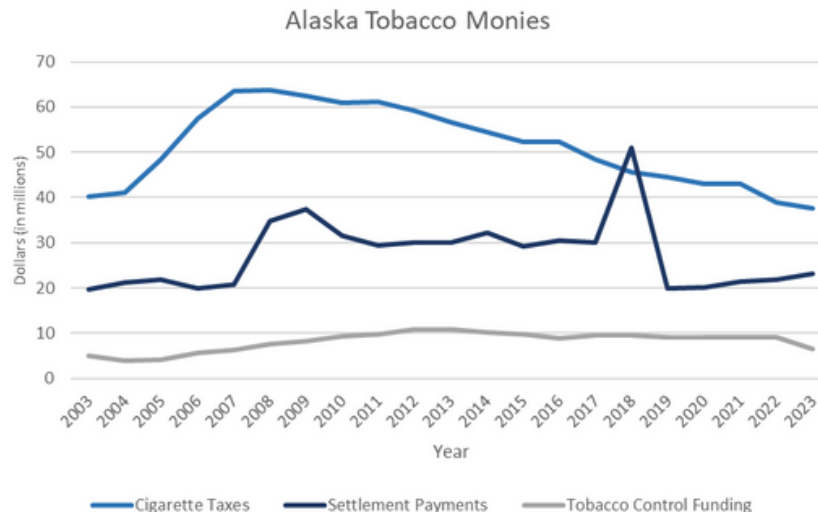
### Tobacco Monies

Each year, states receive billions of dollars borne out of the lungs of persons who smoke. This revenue includes excise cigarette taxes and settlement payments. Yet, each year, states spend miniscule amounts of tobacco-related monies on programs to help adults quit smoking and prevent youth use.

In 2023, the Last Frontier collected \$37.5 million in state excise tax revenue from combustible cigarettes. This was a 3.6 percent decrease from 2022's \$38.9 million, or \$1.4 million less. Between 2003 and 2023, Alaska collected more than \$1 billion in cigarette taxes.

Since the 2000s, Alaska has collected annual settlement payments from tobacco manufacturers based on the percentage of cigarettes and tobacco products sold in the state in that year, after successfully suing manufacturers for smoking-related health care costs. Alaska collected \$23.2 million in settlement payments in 2023, a 5.9 percent increase from 2022's \$21.9 million, or an additional \$1.3 million. Since 2003, the Last Frontier collected an estimated \$575.5 million in tobacco settlement payments.

While Alaska collected \$60.7 million in tobacco-related monies in 2023, the state allocated only \$6.5 million in state funding towards tobacco control programs, including cessation, education, and youth prevention efforts, which was a 28.6 percent decrease in funding from 2022, or \$100,000 less. This amounts to 17.3 percent of taxes and 28 percent of settlement payments. In 2023, for every \$1 the state received in tobacco monies, it spent only \$0.11 on tobacco control efforts. Between 2003 and 2023, Alaska collected more than \$1.6 billion tobacco monies, yet spent only \$171.8 million (or 10.4 percent) on tobacco control efforts during the same period.



### References

1. Data on adult smoking rates comes from the Centers for Disease Control's Behavioral Risk Factor Surveillance Survey including sections on "Demographics - Race," Tobacco Use - All Categories," and "E-Cigarette Use." Accessed October, 2024. <https://www.cdc.gov/brfss/brfssprevalence/>.
2. Data on race and age was compiled using population data from the Annie E. Casey Foundation (<https://datacenter.kidscount.org/>) and Demographic data from the CDC to cross reference the racial population. Then, data from Smoking and Race, and E-Cigarettes and Age, was used to determine the percent of adults who were smoking in 2023.
3. Data on youth tobacco and vapor product use comes from the CDC's Youth Risk Behavior Survey. Accessed October, 2024. [https://www.cdc.gov/tobacco/data\\_statistics/surveys/nyts/index.htm](https://www.cdc.gov/tobacco/data_statistics/surveys/nyts/index.htm).
4. Data on tax information comes from Orzechowski and Walker, "The Tax Burden on Tobacco Historical Compilation Volume 58, 2023. Print.
5. Data on tobacco settlement payments is from Campaign for Tobacco-Free Kids, "Actual Annual Tobacco Settlement Payments Received by the States, 1998-2023." Accessed October, 2024. <https://www.tobaccofreekids.org/assets/factsheets/0365.pdf>.
6. Data on tobacco control funding is from Campaign for Tobacco-Free Kids, "Appendix A: A History of Spending for State Tobacco Prevention Programs," Accessed October, 2024. <https://www.tobaccofreekids.org/assets/factsheets/0209.pdf>.



Members of the Labor and Commerce Committee,

My name is Alex McDonald and I own Ice Fog Vapor in Fairbanks, AK. I am writing today to oppose HB49. This bill is highly flawed and will lead to increased costs to the state, leaving less money for communities, while increasing smoking rates as well. Vapor products help Alaskans across the state quit smoking. I smoked for 19 years and tried a variety of approved traditional methods to quit, with vapor products being the only thing that worked for me. My whole family has been smoke free for 12 years now. A study published in the New England Journal of Medicine 2/14/19 clearly shows these products have been found to be twice as effective as traditional cessation products and the FDA has approved vapor products as a benefit to the protection of public health. Surveys show that youth e cigarette use rate fell from 2022 to 2023 by 15%. Health officials from the FDA say there is no longer an epidemic of youth use.

This bill would cost the state money we do not have. A State Budget Solutions publication in table 4 page 6, shows that in 2012 the State of Alaska brought in \$67 million in tobacco taxes and \$30 million in tobacco settlement payments. The cost to the state for Medicaid for smoking related illness was \$202 million or 108% of what the state received. Keep in mind these figures are before Medicaid was expanded so the savings to the state now would likely be far greater than the 2012 figure. Less people smoking means more savings to the state budget for years to come, leaving more in the budget for communities like ours.

A study from the National Bureau of Economic Research on the effect of vapor taxes in Minnesota, they stated that "Our study suggests that, as intended, e-cigarette taxes raise e-cigarette prices and reduce e-cigarette sales. However, an unintended effect is an increase in cigarette sales." They also state that "Therefore, a national e-cigarette tax will increase traditional cigarettes purchased by 6.2 extra packs for every one standard e-cigarette pod of 0.7 ml no longer purchased." The study also points out that "traditional cigarettes continue to kill nearly 480,000 Americans each year (Centers for Disease Control and Prevention 2019a), and several reviews support the conclusion that e-cigarettes contain fewer toxicants (National Academies of Sciences Engineering and Medicine 2018, Royal College of Physicians 2019) and are safer for non-pregnant adults (Royal College of Physicians 2019) than traditional cigarettes." Policies like the ones contained in HB49 have been shown to increase smoking rates instead of decreasing the smoking rates. Smoking is the number one cause of preventable death in this country. We should be putting policies in place that help lower preventable deaths in our state instead of increasing that number.

The American Consumer Institute Center for Citizen Research published a report titled "Are E-Cigarette Regulations Jeopardizing Public Health?" They bring up some very good points and dispel many of the myths regarding vapor products. As far as the products safety they report that "In 2015, Public Health England conducted a systematic review of the evidence and concluded that e-cigarettes are at least 95 percent less harmful than conventional cigarettes. Other health organizations, including the Royal College of Physicians, National Academies of Science, Engineering, and Medicine, and American Cancer Society, have also acknowledged. that vaping is a safer alternative for adult cigarette smokers. One 2018 study written by a team of authors from the Georgetown University Medical Center estimated that 6.6 million lives could be saved in the U.S. over the next 10 years." They also point out the need for changes to the Premarket Tobacco Application that will need to be made or these products will be possibly pulled from the market. "companies will still need to submit a "Premarket Tobacco Application" (PMTA) to the FDA... or else be forced to close shop, no easy task as suggested by the first company to submit the application."

This application costs around \$1million per flavor of liquid, with no standard of approval, and no small business can afford that cost.

In January 2024, the fifth Circuit court ruled against the FDA and their marketing approval process. In the majority opinion Judge Oldham wrote, “months after receiving hundreds of thousands of applications predicated on its instructions, FDA turned around, pretended it never gave anyone any instructions about anything, imposed new testing requirements without any notice, and denied all one million flavored e-cigarette applications for failing to predict the agency's *volte face*. Worse, after telling manufacturers that their marketing plans were "critical" to their applications, FDA candidly admitted that it did not read a single word of the one million plans.” This case was recently heard by the Supreme court and is waiting for a ruling.

The FDA has approved some vapor products over the past year for the protection of public health. These products range from 15mg – 60mg of nicotine. Capping the level of nicotine at 50mg make no sense when the FDA says 60mg products protect public health. The FDA also recently approved Zyn pouches as they were found to be safer and a benefit to protection of public health.

The report also addresses youth use and the myth that it is leading to hooking a new generation. They state, “Indeed, among teens who use e-cigarettes regularly, almost all are (or were) smokers, suggesting that vaping may be an effective substitute for smoking among adolescents. The 2015 National Youth Tobacco Survey, for example, revealed that only 0.3 percent of non-smoking adolescents regularly vaped. A paper in the American Journal of Preventive Medicine found that non-smoking high school students are highly unlikely to use e-cigarettes; only six percent of 12th graders who had never smoked had used e-cigarettes in the past 30 days, and less than one percent used e-cigarettes regularly.” From 2016 to 2023 the adult smoking rate in Alaska has fallen 54%! Everyone I know does the best they can to keep products intended to help adults out of the hand of our youth. Brick and mortar stores are the first line of defense to card and ensure these products are sold to adults of age.

The report also finds taxing vapor products counter to public health interests and states, “More than a dozen states have implemented special taxes on e-cigarettes, typically in order to bring them in line with taxes on combustible tobacco products. But while tax parity might seem fair, proposals to jack up prices on e-cigarettes threaten to undermine policymakers’ broader goals of improving public health.” They also report “Imposing similar taxes on e-cigarettes runs counter to this logic, since the aggregate public health impact of e-cigarettes, compared to smoking, is positive. For example, a recent study found that, even under pessimistic assumptions, e-cigarettes will deliver significant public health benefits over the next half-century, extending the aggregate longevity of the U.S. population by 580,000 years.”

The issue of taxation of vapor products was brought up during the Walker Administration and rejected as bad policy. The legislature found it to be a highly regressive tax hitting lower income Alaskans the hardest. In the publication, Vaping, e-cigarettes and public policy toward alternatives, illustrates this in their finding that “2010 to 2011, smokers earning less than \$30,000 per year spent 14.2 percent of their household income on cigarettes, compared to 4.3 percent for smokers earning between \$30,000 and \$59,999 and 2 percent for smokers earning more than \$60,000.” The legislature also stated that the money would be better left for families to spend on their kids while others simply saw it as a money grab that would push people back to smoking.

A similar tax on vapor products was vetoed just years ago by Governor Dunleavy stating that, "A tax increase on the people of Alaska is not something I can support." In a 4/21/22 email, Senator Sullivan is on record against a federal vapor tax that was proposed by Sen. Durbin stating that "many Alaskans have shared stories with me of how e-cigarettes have assisted their efforts to quit smoking. If taxes are raised on these products, I worry that it could exacerbate smoking issues by disincentivizing the use of these safer products." He also noted the regressive nature of these taxes stating, "The US Center for Disease Control and Prevention (CDC) notes that 72% of cigarette smokers in the United States live at or below the poverty level." He then stated that taxing these products is "excessive and unfair, even if done to curb tobacco use." In a separate email from the same date Senator Sullivan stated, "E-cigarettes, vaporizers, and electronic nicotine delivery systems have the potential to assist individuals quit their dependence on traditional tobacco products. I support the use of these products for this purpose and I applaud the many Alaskans who have shared their success stories with me." A similar federal tax on vapor products was removed from the Build Back Better bill as well. A similar bill to this one also failed in the last session.

It was also found to be a job killer and would close small businesses across the state. The issue was brought up for the Fairbanks North Star Borough in 2020 and was rejected as well. It was brought up again last year and imposed a 20% wholesale tax on top of the city 20% wholesale tax on vapor products. These taxes hurt small businesses and their customers. Additional taxes on these products are unnecessary. Kodiak also voted against a similar tax measure as shops could not survive the added costs. Steam Trunk in Kodiak has closed and Arctic Vapor in Fairbanks closed its doors as well even before burdensome taxes took place. The city of Fairbanks raised their tobacco taxes rate to 20% of wholesale beginning 1/1/24 with the borough tax increase it amounts to 40% of wholesale value. This added state tax would close small businesses and restrict consumer choice of safer alternatives to smoking traditional cigarettes further increasing the smoking rates for the state.

People have been fleeing states with burdensome taxes and overreaching regulations that impeded their freedom of choice to states with more freedoms and less tax burdens. Alaska should be a destination for people to come to not a place to leave as has been the case in recent years. Out migration has been an issue for the state and its work force, we should avoid things that could exacerbate this issue such as this overreaching flawed bill.

Thank you for your consideration of this matter. I hope we can all work together to make Alaska, and our community a better healthier place.

Alex McDonald

Fairbanks, AK