

**Testimony before the Iowa House Ways and Means Committee
Regarding the Tax Rate on Heated Tobacco Products
Lindsey Stroud, Senior Fellow
Taxpayers Protection Alliance
March 19, 2024**

Chairman Kaufmann, Vice-Chairwoman Kniff McCulla, and Members of the Committee:

Thank you for your time today to discuss the issue of taxing heated tobacco products. My name is Lindsey Stroud and I am 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.

As lawmakers seek to collect additional revenue, many have looked at imposing an excise tax on various types of tobacco and vapor products, including heated tobacco products. While lawmakers should refrain from imposing taxes on populations which are disproportionately impacted by taxes, it is imperative lawmakers enact taxes which are proportionate to the risks associated with using them. As such, lawmakers should not impose a tax on heated tobacco products, which is equal to the tax rate on combustible cigarettes.

- Legislation should recognize that tobacco products exist on a continuum of risk, with combustible cigarettes as the most harmful, and other products (including heated tobacco), posing less harm to adult consumers.
- Since 2017, the U.S. Food and Drug Administration (FDA) has recognized this continuum of risk and in recent years the agency has developed strategies to inform adults who smoke of safer risks.
- Tobacco excise taxes should recognize the risk continuum – with less harmful products being subject to less of a tax burden than combustible cigarettes.
- Several states have introduced reduced tax rates on heated tobacco products.
- Some states recognize heated tobacco products as a different category of tobacco products and tax them at a lower rate than traditional combustible cigarette products.
- Other states have reduced the tax burden on products which have received authorization from the FDA to market the product as a reduced risk product.
- Reducing the tax rate incentivizes adults who can't quit smoking to switch to a less harmful products.
- Over the past several decades, tobacco harm reduction products have successfully helped millions of adults quit smoking combustible cigarettes.
- Heated tobacco products are a reduced risk product, with one company having authorization from the federal government, to market their product as less harmful.
- Around the globe, the introduction of heated tobacco products has led to declines in combustible cigarette use and the global market grew from \$15.6 million in 2014 to \$28.7 billion in 2021.

- The FDA has authorized two heated tobacco products in the U.S., with one product permitted to market its reduced risk to consumers.
- Iowa adults smoke at a rate slightly higher than the national average.
- In 2022, an estimated 363,976 Iowa adults were currently smoking.
- In a 2022 analysis of 1,195 adults who were smoking in the Hawkeye State, 74.8 percent were smoking every day.
- The introduction of heated tobacco products has not led to uptick in youth combustible cigarette use.
- In Iowa youth use of combustible cigarettes is at record lows with only 4.1 percent of high school students reporting current combustible cigarette use and only 0.9 percent reporting daily smoking.

Taxing Tobacco Products Based on Their Continuum of Risk

Legislation which differentiates between different tobacco products (while recognizing their reduced risk potential) is a worthwhile endeavor for policymakers because it helps to both inform adults who smoke of less harmful alternatives, as well as incentivize their use of them.

Currently, in Iowa (and across the U.S.) tobacco and tobacco harm reduction products are subject to a myriad of excise taxes, which oftentimes do not consider the continuum of risk.

In 2017, the FDA announced a sweeping “comprehensive regulatory plan” which would focus on nicotine.¹ The agency declared that a “key piece” of their new effort would be “demonstrating a greater awareness that nicotine – while highly addictive – is delivered through products that represent a continuum of risk and [nicotine] is most harmful when delivered through smoke particles in combustible cigarettes.”

In 2023, Brian King, Director for the Center for Tobacco Products at FDA, noted that “tobacco products exist on a continuum of risk, with smoked products, such as cigarettes, having the greatest risk.”²

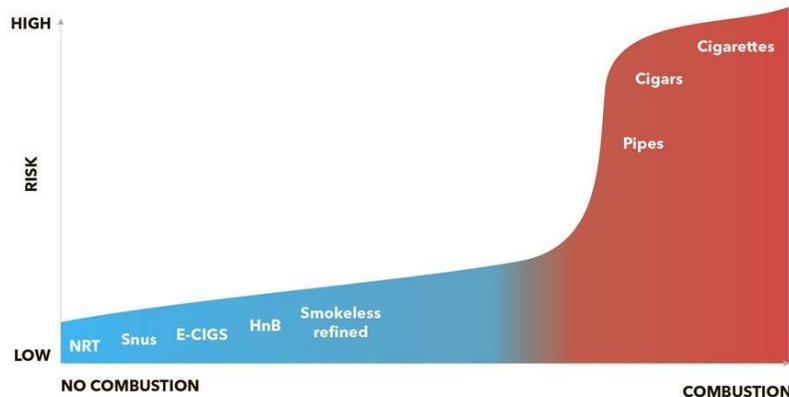
Most recently, in February 2024, the FDA announced that the CTP is “conducting formative research among adults who smoke to assess their comprehension and perceptions of messaging that nicotine – while highly addictive – is delivered through products that represent a continuum of risk, and that combustible products such as cigarettes have the greatest risk.”³

Combustible cigarettes are by far the most harmful form of tobacco product and are responsible for 480,000 American deaths each year. Since at least the 1970s, tobacco researchers have understood that while nicotine is why people smoke, they are dying from the tar caused by the combustion.

Less harmful tobacco products include heated tobacco products, smokeless tobacco products and snus, electronic cigarettes and vapor products, and nicotine replacement therapies.

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Figure 5.3
Continuum of risk for nicotine containing products



Several States Have Reduced Taxes on Heated Tobacco Products (HTPs)

Over the past several years, several states have reduced the tax rate on HTPs. This has been done through distinguishing the product as a different tobacco product category, or by recognizing the FDA’s modified risk tobacco product (MRTTP) order, of which one brand of HTP has authorization.

For example, Virginia recognizes HTP as a separate tobacco product category and HTPs are subject to a \$0.0225-per-stick tax, or \$0.45/pack of 20 sticks - \$0.15 less than cigarette tax per-pack.

Kentucky (and six other states) have enacted legislation which reduces the tax burden on products which have obtained a modified risk tobacco product order from the FDA. When adopting the reduced tax in 2018, one tobacco researcher called it “rational,” remarking that many adults “are unable or unwilling to quit tobacco and nicotine entirely... [and] traditional quit-smoking methods ... don’t work.” By reducing the tax burden the plan “encourages and incentivizes [adults who smoke] to quit or switch to less expensive and vastly safer smoke-free tobacco products.”⁴

Tobacco Harm Reduction (THR)

The evidence of harm associated with combustible cigarettes has been understood since the 1964 U.S. Surgeon General’s Report that smoking causes cancer. Research overwhelmingly shows the smoke created by the burning of tobacco, rather than the nicotine, produces the harmful chemicals found in combustible cigarettes.⁵ There are an estimated 600 ingredients in each

tobacco cigarette, and “when burned, [they] create more than 7,000 chemicals.”⁶ As a result of these chemicals, cigarette smoking is directly linked to cardiovascular and respiratory diseases, numerous types of cancer, and increases in other health risks among the smoking population.⁷

For decades, policymakers and public health officials looking to reduce smoking rates have relied on strategies such as emphasizing the possibility of death related to tobacco use and implementing tobacco-related restrictions and taxes to motivate smokers to quit using cigarettes. However, there are much more effective ways to reduce tobacco use than relying on government mandates and “quit or die” appeals.

During the past 30 years, the THR approach has successfully helped millions of adults who smoke transition to less-harmful alternatives. THR includes effective nicotine delivery systems, such as smokeless tobacco, snus, electronic cigarettes (e-cigarettes), and vaping.

Heated Tobacco Products

Because of federal government regulations, most Americans are uninformed about heated tobacco products. Currently, the FDA has authorized the sale of one heated tobacco product, which has been limitedly introduced to U.S. market after judicial delays. Nonetheless, around the globe, millions of adults have successfully used heated tobacco products to transition from much more toxic combustible cigarettes. Numerous studies have also found that heated tobacco products are less harmful than combustible cigarettes.

Commercial heated tobacco products were first developed in the 1980s, but it has been in recent years that the market has grown.

Heated tobacco technology is a unique tobacco harm reduction tool because it has the “ability to regulate and distill flavor and nicotine at lower temperatures.” Studies have compared HTPs by analyzing the “presence and relative concentrations of harmful and potentially harmful constituents (HPHCs).” A 2019 review of HTP studies found that compared to cigarettes, modern HTPs reduced HPHCs by at least 62 percent.⁸

A 2020 study by the American Cancer Society remarked that heated tobacco products “likely reduced cigarette sales in Japan.”⁹ A 2022 Cochrane review found that there was “moderate-certainty evidence that heated tobacco users have lower exposure to toxicants/carcinogens than cigarette smokers.”¹⁰ The UK Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment estimates heated tobacco products’ aerosols to contain up to 90 percent fewer “harmful and potentially harmful compounds” compared to cigarette smoke.¹¹

The HTP market is growing. In 2014, an estimated 100,000 HTP devices and a little more than 15 million heated tobacco sticks were sold worldwide.¹² By 2021, nearly 30 million HTP devices and more than 125 billion heated tobacco sticks were sold globally. The retail value of the market from \$15.6 million in 2014 to \$28.7 billion in 2021.

In the United States, the FDA has authorized two heated tobacco products – through two marketing pathways. One product also has a modified risk tobacco product order (MRTP), allowing the manufacturer to correctly advertise the product as less harmful, specifically:

- **AVAILABLE EVIDENCE TO DATE:**
 - The IQOS system heats tobacco but does not burn it.
 - This significantly reduces the production of harmful and potentially harmful chemicals.
 - Scientific studies have shown that switching completely from conventional cigarettes to the IQOS system significantly reduces your body’s exposure to harmful or potentially harmful chemicals.”

As a THR tool, Iowa lawmakers should refrain from imposing steep taxes as it may deter adults who smoke from switching to a less harmful alternative.

Adult Smoking Rate in Iowa

Iowa lawmakers should welcome policies that encourage adults to switch to safer alternatives.¹³ In 2022, Iowa had slightly higher rates of smoking than among the U.S. national average.

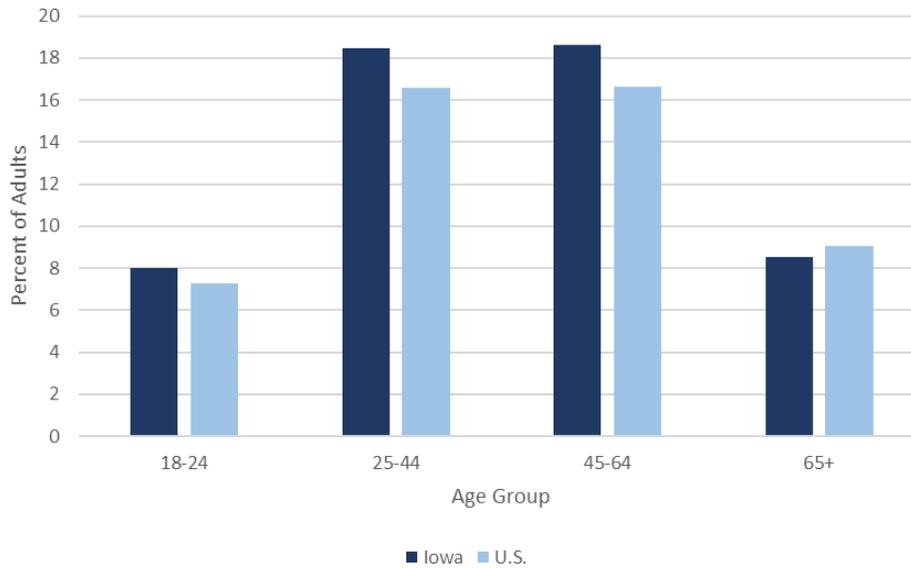
In 2022, among Iowa adults:

- Eight percent of 18- to 24-year-olds were currently smoking
- 18.5 percent of 25- to 44-year-olds were currently smoking
- 18.6 percent of 45- to 64-year-olds were currently smoking
- 8.5 percent of adults aged 65 years or older were currently smoking

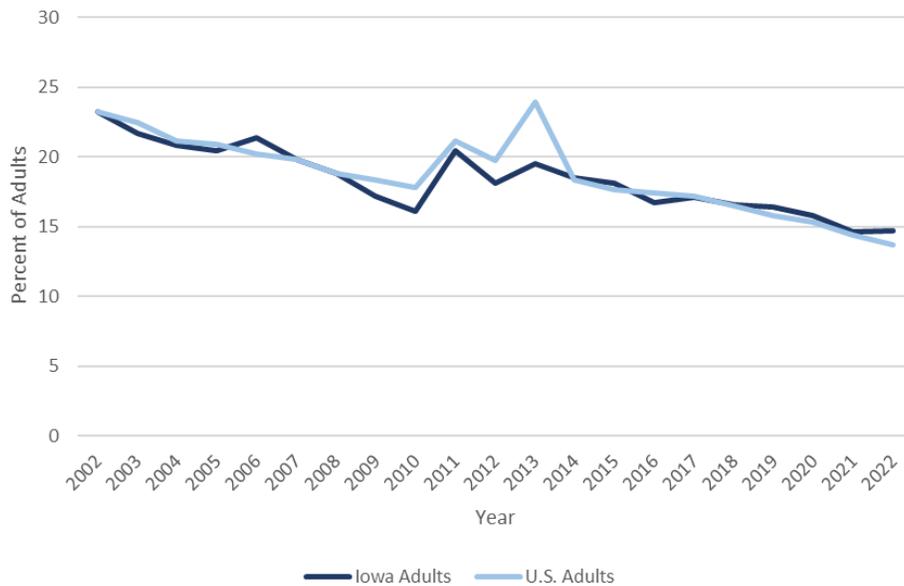
Comparatively, among U.S. adults, in 2022:

- 7.3 percent of 18- to 24-year-olds were currently smoking
- 16.6 percent of 25- to 44-year-olds were currently smoking
- 16.6 percent of 45- to 64-year-olds were currently smoking
- Nine percent of adults aged 65 years or older were currently smoking

Smoking Rates by Age Grouping
2022



Smoking Rates Among Adults



In 2022, according to data from the annual Behavioral Risk Factor Surveillance System survey (BRFSS) conducted by the Centers for Disease Control and Prevention, an estimated 363,976 adults (or 14.7 percent) of Iowans were currently smoking. This is a 0.7 percent increase from 2021 when 14.6 percent reported current cigarette use.

In a detailed analysis of the CDC's 2022 BRFSS, which interviewed 1,195 Iowa adults aged 18 years and older who were currently smoking, 74.8 percent were smoking every day.

Among the 1,195 smoking adults:

- 4.9 percent were 18 to 24 years old
- 33.6 percent were 25 to 44 years old
- 40.4 percent were 45 to 64 years old
- 21 percent were 65 years or older

Among 1,147 interviewees who were currently smoking, the total years smoked amounted to 37,146 years, with an average of 32.4 years smoked. Figuring for a pack-per-day habit, among these Iowan adults, over 271.1 million cigarettes had been smoked.

Youth Use of Tobacco Products Is at Historic Lows

Iowa lawmakers should be aware that youth use of combustible cigarettes is at record lows in the Hawkeye State. In 2021, among Iowa high school students:¹⁴

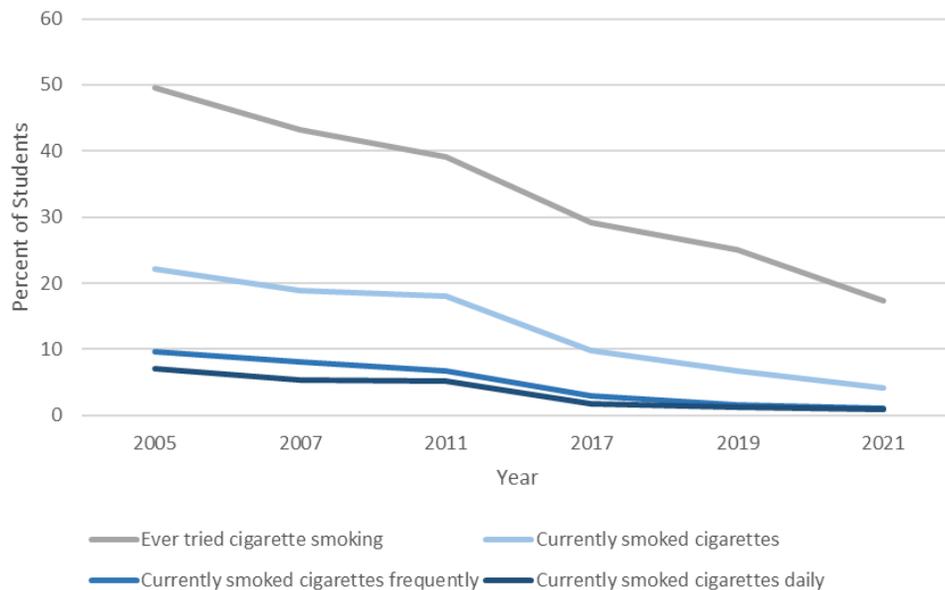
- 17.4 percent had ever tried a cigarette
- 4.1 percent were currently smoking cigarettes (at least one day in the 30 days prior)
- One percent were smoking cigarettes frequently (20 or more days in the 30 days prior)
- 0.9 percent were smoking cigarettes daily

Between 2019 and 2021:

- Ever use of cigarettes decreased by 30.4 percent
- Current use of cigarettes decreased by 38.8 percent
- Frequent use of cigarettes decreased by 37.5 percent
- Daily use of cigarettes decreased by 25 percent

Moreover, these are some of the lowest levels of combustible cigarette use among Iowa youth.

High School Cigarette Use
Iowa



Heated tobacco product use among youth is also not an issue. Nationally, youth use of heated tobacco products is low. In 2023, only 1.5 percent of U.S. middle and high school students reported currently using heated tobacco products.¹⁵ While 2023 rates were a slight increase from 2022 when one percent of youth were using heated tobacco products, use of such products make up only 6.8 of youth tobacco product use. As such, lawmakers should not be too worried about an uptick in youth use of heated tobacco products.

Conclusion

Many adults who smoke are unable or unwilling to quit smoking and heated tobacco products provide a viable alternative that reduces their risk while still providing adequate amounts of nicotine. Policymakers should utilize tax policies that encourage these adults to switch, namely by ensuring safer alternatives are not subject to the same tax burden as combustible cigarettes.

¹ U.S. Food and Drug Administration, “FDA announces comprehensive regulatory plan to shift trajectory of tobacco-related disease, death,” Jul. 27, 2017, <https://www.fda.gov/news-events/press-announcements/fda-announces-comprehensive-regulatory-plan-shift-trajectory-tobacco-related-disease-death>.

² Brian A. King and Benjamin A. Toll, “Commentary on Wackowski et al.: Opportunities and Considerations for Addressing Misperceptions About the Relative Risks of Tobacco Products among Adult Smokers,” *Addiction*, Aug. 15, 2023, <https://onlinelibrary.wiley.com/doi/full/10.1111/add.16296>.

³ Brian King, “A Year in Review: FDA’s Progress on Tobacco Product Regulation in 2023,” *Center for Tobacco Products*, U.S. Food and Drug Administration, Feb. 22, 2024, <https://www.fda.gov/tobacco-products/ctp-newsroom/year-review-fdas-progress-tobacco-product-regulation-2023>.

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- ⁴ Brad Rodu, “Kentucky Adopts a Rational Tobacco Tax Plan,” *Tobacco Truth*, May 24, 2018, <https://rodutobaccotruth.blogspot.com/2018/05/kentucky-adopts-rational-tobacco-tax.html>.
- ⁵ Brad Rodu, *For Smokers Only: How Smokeless Tobacco Can Save Your Life*, Sumner Books, 1995, p. 103.
- ⁶ American Lung Foundation, “What’s In a Cigarette?,” February 20, 2019, <https://www.lung.org/stop-smoking/smoking-facts/whats-in-a-cigarette.html>.
- ⁷ Centers for Disease Control and Prevention, “Health Effects of Cigarette Smoking,” January 17, 2018, https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/effects_cig_smoking/index.htm.
- ⁸ Erikas Simonavicius et al., “What factors are associated with current smokers using or stopping e-cigarette use?,” *Drug and Alcohol Dependence*, April 1, 2017, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5380653/>.
- ⁹ 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/>.
- ¹⁰ Harry Tattan-Birch et al., “Heated tobacco products for smoking cessation and reducing smoking prevalence,” *Cochrane Database of Systematic Reviews*, January 6, 2022, <https://www.cochranelibrary.com/cdsr/doi/10.1002/14651858.CD013790.pub2/full>
- ¹¹ Committees on Toxicity, Mutagenicity, Carcinogenicity of Chemicals in Food, Consumer Products and the Environment, “Statement on the toxicological evaluation of novel heat-not-burn tobacco products,” December 2017, https://cot.food.gov.uk/sites/default/files/heat_not_burn_tobacco_statement.pdf.
- ¹² University of Bath, “Heated Tobacco Products,” *Tobacco Tactics*, Feb. 6, 2024, <https://tobaccotactics.org/article/heated-tobacco-products/>.
- ¹³ Lindsey Stroud, “Tobacco & Vaping 101: Iowa,” *Taxpayers Protection Alliance*, Jan. 18, 2024, <https://www.protectingtaxpayers.org/analysis/tobacco-vaping-101-iowa-4/>.
- ¹⁴ Center for Disease Control and Prevention, Youth Risk Behavior Survey, 2021, <https://nccd.cdc.gov/Youthonline/App/Default.aspx>.
- ¹⁵ Eunice Park-Lee, PhD et al., “Tobacco Product Use Among Middle and High School Students — United States, 2022,” *Centers for Disease Control and Prevention*, Nov. 11, 2022, https://www.cdc.gov/mmwr/volumes/71/wr/mm7145a1.htm?s_cid=mm7145a1_w.

Tobacco & Vaping 101:

Iowa 2024

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 Hawkeye State. This information also includes data on youth use, impacts of e-cigarettes and analyses of existing tobacco monies.

Key Points:

- In 2022, 363,976 Iowa adults (14.7 percent) were currently smoking. This is a 0.7 percent increase from 2021 and represents 5,297 additional adults smoking.
- In 2022 (among all Iowa adults), eight percent of 18- to 24-year-olds, 18.5 percent of 25–44-year-olds, 18.6 percent of 45–64-year-olds, and 8.5 percent of adults aged 65 years or older were currently smoking combustible cigarettes.
- Among all adults earning \$25,000 or less in 2022, 31 percent were currently smoking compared to only 8.4 percent of adults earning \$50,000 or more.
- Among all smoking adults in Iowa in 2022, 86.3 percent were White, five percent were Hispanic, 4.6 percent were Black, 3.8 percent were Multiracial (non-Hispanic), and less than one percent were Asian.
- In 2022, 165,894 Iowa adults (6.7 percent) were currently using e-cigarettes. This is a 4.7 percent increase from 2021 and represents 33,232 additional adults vaping.
- Among all vaping adults in Iowa in 2022, 37.8 percent were 18 to 24 years old, 42.4 percent were 25 to 44 years old, 17.2 percent were 45 to 64 years old and 2.5 percent were 65 years or older.
- In 2021, for every one Iowa high school student who was smoking, more than 56 adults were currently using cigarettes.
- In 2021, for every one Iowa high school student who was vaping, more than five 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 2018 and 2022, smoking rates among Iowa adults aged 18 to 24 years old decreased by 44.4 percent.
- Cigarette excise taxes in Iowa disproportionately impact low income, low education persons, while failing to significantly reduce smoking rates among that class.
- The percentage of Iowa adults earning \$25,000 or less that were smoking increased by 7.7 percent between 2007 and 2022, while the percent of adults earning \$50,000 or more that were smoking decreased by 49 percent during the same period.
- Among Iowa adults who did not graduate high school, smoking rates decreased by 23.5 percent, yet rates among adults with a college degree decreased by 48.9 percent.
- Iowa 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 2022, for every \$1 the state received in tobacco monies, it spent \$0.02 on tobacco control efforts.

Tobacco & Vaping 101:

Iowa 2024

Adult Combustible Cigarette and E-Cigarette Use

In 2022, according to data from the annual Behavioral Risk Factor Surveillance System survey, conducted by the Centers for Disease Control and Prevention, an estimated 363,976 adults (or 14.7 percent of Iowans) were currently smoking. This is a 0.7 percent increase from 2021 when 14.6 percent reported current cigarette use. There were 5,297 additional adults smoking in 2022 compared to 2021.

In 2022 (among all Iowa adults), eight percent of 18- to 24-year-olds, 18.5 percent of 25–44-year-olds, 18.6 percent of 45–64-year-olds, and 8.5 percent of adults aged 65 years or older were currently smoking combustible cigarettes.

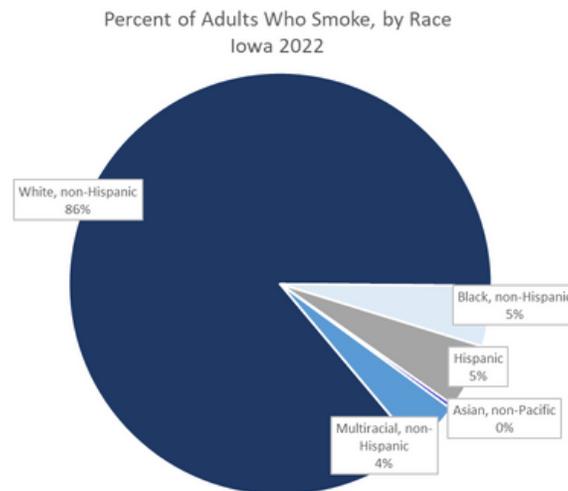
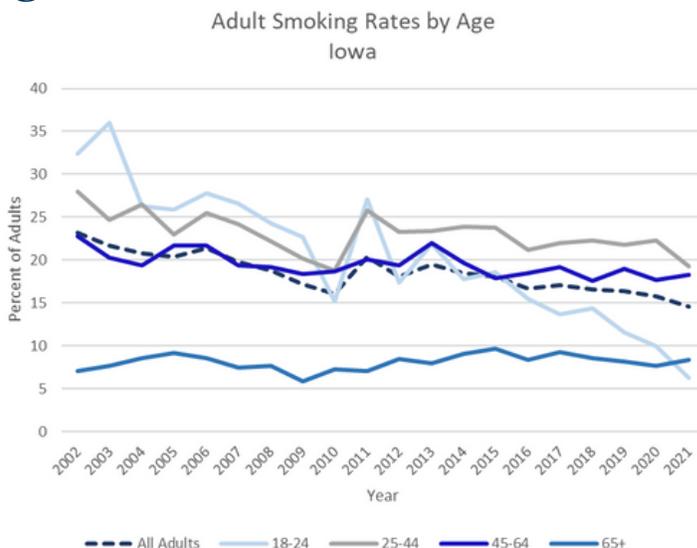
Among all adults earning \$25,000 annually or less in 2021, nearly one-third (31 percent) reported currently smoking, compared to only 8.4 percent of adults who earned \$50,000 or more per year.

In Iowa, Multiracial (non-Hispanic) adults reported smoking at a greater percentage of their identified race at 26.5 percent. This is compared to 15.9 percent of Black adults, 14.8 percent of White adults, 12.2 percent of Hispanic adults, and two percent of Asian adults.

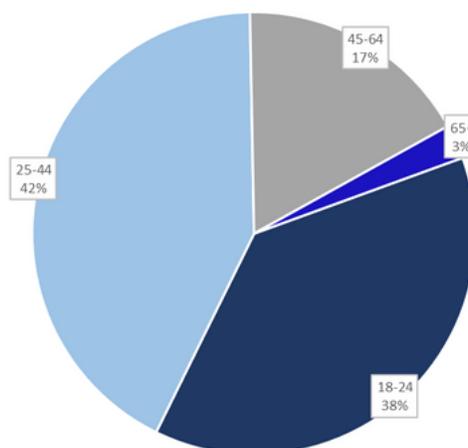
Yet, White adults made up a significantly larger percentage of Iowa’s total adult smoking population. In 2022, White adults accounted for 86.3 percent of the Iowa’s current smoking population, compared to Multiracial (non-Hispanic) adults, who made up only 3.8 percent. Hispanic adults accounted for five percent, Black adults made up 4.6 percent, and Asian adults accounted for less than one percent of Iowa’s adult smoking population in 2022.

In 2022, an estimated 165,894 Iowa adults (or 6.7 percent) were currently using e-cigarettes. This is a 4.7 percent increase from 2021 when 6.4 percent reported current e-cigarette use. There were an estimated 33,232 additional adults vaping in 2022 compared to 2021.

Among Iowa adults currently using e-cigarettes in 2022, 37.8 percent were 18 to 24 years old, 42.4 percent were 25 to 44 years old, 17.2 percent were 45 to 64 years old and 2.5 percent of current e-cigarette users in Iowa in 2021 were 65 years or older. Among adult e-cigarette users in Iowa in 2022, 62.2 percent were 25 years or older.



Percent of Adults Who Vape, by Age
Iowa 2022



Tobacco & Vaping 101:

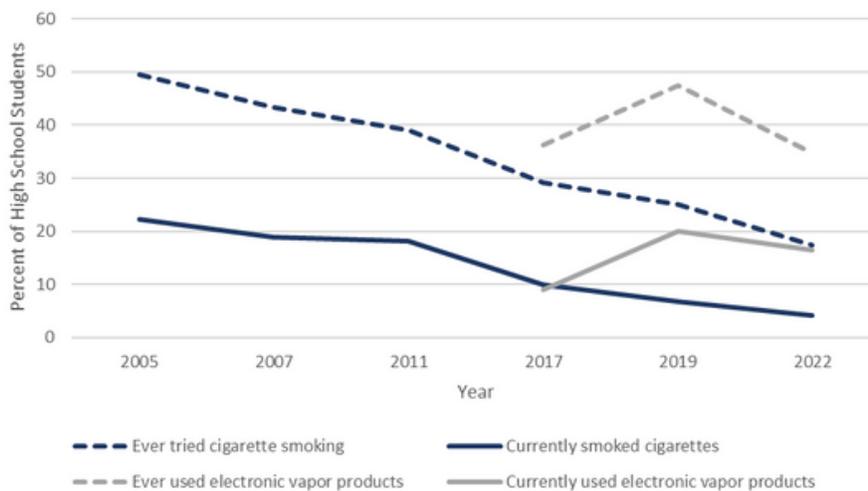
Iowa 2024

Youth Combustible Cigarette and E-Cigarette Use

Youth smoking rates are at historic lows in the Hawkeye State. In 2021, 17.4 percent of high school students reported ever trying combustible cigarettes, while 4.1 percent reported currently smoking, or having used the product on at least one occasion in the 30 days prior. In 2021, approximately 6,326 Iowa high school students were smoking, compared to an estimated 358,677 Iowa adults aged 18 and over who were currently smoking. For every one high schooler student smoking in 2021 in Iowa, more than 56 adults were currently smoking.

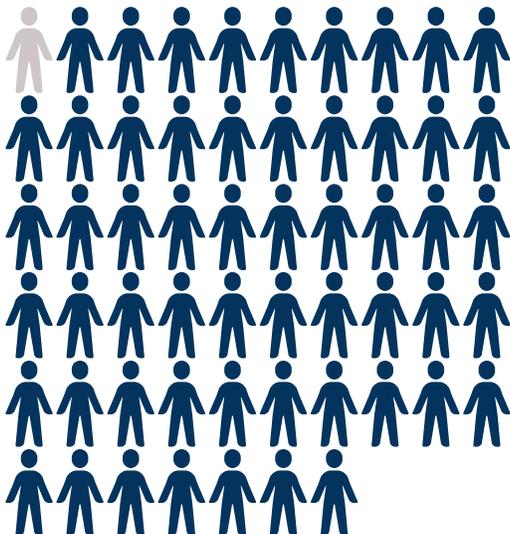
Youth vaping peaked in the Hawkeye State in 2019 when nearly half (47.5 percent) of Iowa high school students reported having ever used an e-cigarette and more than one-fifth (20.1 percent) reported current use. Between 2019 and 2021, lifetime e-cigarette use among Iowa high schoolers declined by 26.7 percent to 34.8 percent of students. Current use decreased by 18.4 percent to 16.4 percent of Iowa high school students. In 2021, approximately 25,304 Iowa high school students were vaping, compared to 132,662 Iowa adults aged 18 and over who were currently vaping. For every one high schooler vaping in 2021 in Iowa, more than five adults were using e-cigarettes.

High School Cigarette and E-Cigarette Use
Iowa



Youth to Adult Smoking Ratio

Iowa 2021



Youth to Adult Vaping Ratio

Iowa 2021



Key

- = 1 High School Student
- = 1 Adult 18 years or older

Tobacco & Vaping 101:

Iowa 2024

Young Adult Cigarette Use

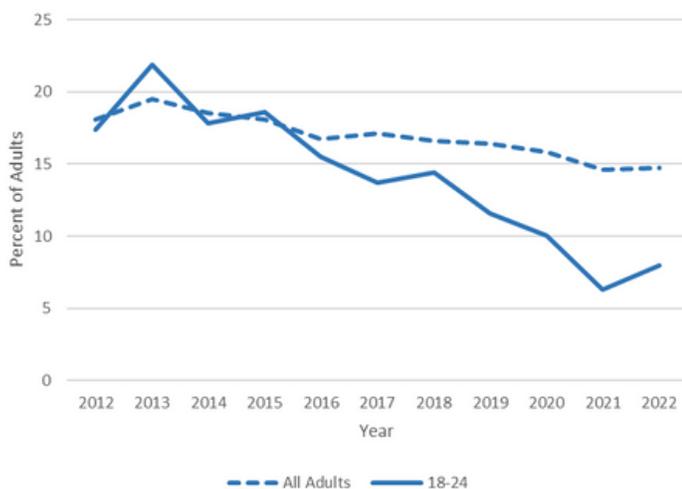
The introduction of e-cigarettes has not led to increases in young adult cigarette smoking, but rather, correlates with significant declines.

In 2012, e-cigarettes were available in every major U.S. market. That same year, 17.4 percent of Iowans aged 18 to 24 years old were currently smoking. In 2018, public health purported a so-called “youth vaping epidemic,” and 14.4 percent of young adults in the Hawkeye State were smoking. Between 2012 and 2018, young adult smoking rates declined by 17.3 percent. Further, since 2018, young adult smoking rates have decreased another 44.4 percent, with average annual declines of 10.8 percent.

In 2016 (among 18- to 24-year-olds), 15.5 percent and eight percent were currently using combustible cigarettes and e-cigarettes, respectively. Between 2016 and 2021, current cigarette use among young adults decreased by 48.4 percent while vapor product use increased by 141.3 percent.

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

Young Adult Smoking Rates
Iowa



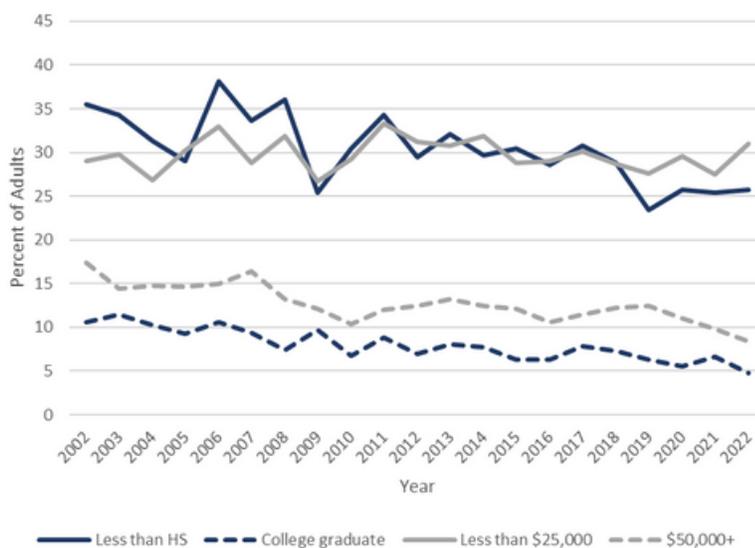
Effects of Cigarette Excise Taxes

Iowa last increased its state cigarette excise tax in 2007 from \$0.36 to \$1.36-per-pack. 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.

The percent of Iowa adults earning \$25,000 or less that were smoking increased by 7.7 percent between 2007 and 2022, while the percent of adults earning \$50,000 or more that were smoking decreased by 49 percent during the same period. Among Iowans who did not graduate high school, smoking rates decreased by 23.5 percent, yet rates among adults with a college degree decreased by 48.9 percent.

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

Smoking Rates by Education and Income
Iowa



Tobacco & Vaping 101:

Iowa 2024

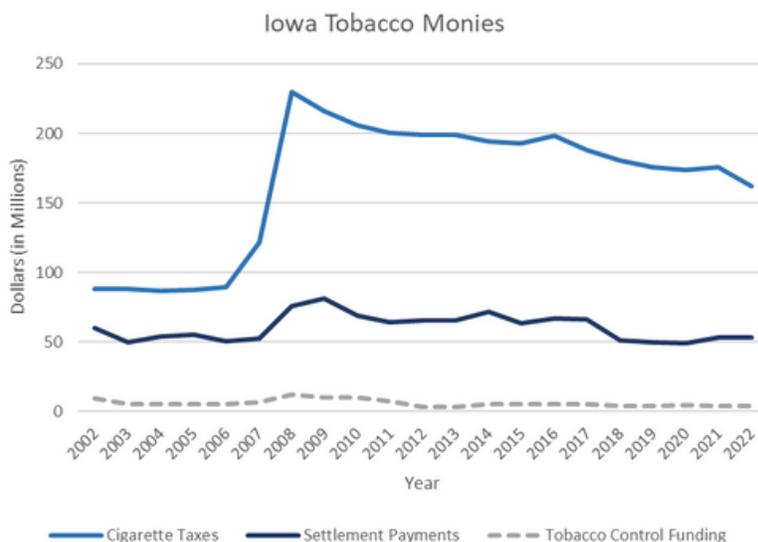
Tobacco Monies

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 2022, the Hawkeye State collected \$161.7 million in state excise tax revenue from combustible cigarettes. This was a 7.8 percent decrease from 2021's \$175.4 million, or \$13.7 million less. Between 2002 and 2022, Iowa collected more than \$345 million in cigarette taxes.

Since 2000, Iowa has collected annual payments from tobacco manufacturers based on the percentage of cigarettes and tobacco products sold in the state in that year. Iowa collected \$53.2 million in settlement payments in 2022, a 0.6 percent increase from 2021's \$52.9 million, or an additional \$300,000. Since 2002, the Hawkeye State collected more than \$1.2 billion in tobacco settlement payments.

While Iowa collected an estimated \$214.9 million in tobacco-related monies in 2022, the state allocated only \$4 million in state funding towards tobacco control programs, including cessation, education, and youth prevention efforts, which was a 0 percent change in funding from 2021 levels. This amounts to 2.5 percent of taxes and 7.5 percent of settlement payments. In 2022, for every \$1 the state received in tobacco monies, it spent only \$0.02 on tobacco control efforts.



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 November, 2023. <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-Cigaretts and Age, was used to determine the percent of adults who were smoking in 2022.
3. Data on youth tobacco and vapor product use comes from the CDC's Youth Risk Behavior Survey, accessed in November, 2023. 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 57, 2022. Print.
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Tobacco Harm Reduction 101

An estimated 30.8 million American adults smoked in 2020, or approximately 12.5 percent of the U.S. population.[1] 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.[2]

For many years, policymakers have staunchly pushed forward with only one approach: quit or die. This failed method of smoking prevention and cessation has negligibly reduced smoking rates over the years. Yet, there is another approach: tobacco harm reduction for those who are unwilling or unable to quit smoking. In 1976, famed tobacco research Michael Russell remarked “people smoke for the nicotine, but die from the tar.”[3] 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.[4]

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,[5] the Centers for Disease Control and Prevention,[6] and the American Cancer Society[7] 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.

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.

Reduced harm tobacco products include: electronic cigarettes/vaping devices, heated tobacco products, nicotine replacement therapy, and smokeless and snus products. These products deliver nicotine to adult consumers in a manner that is significantly less harmful than combustible cigarettes. Moreover, there is a plethora of evidence to their reduced risks.

- **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.[8] In 2021, the agency noted that “vaping is positively associated with quitting smoking successfully.”[9] 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.[10] 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.[11] 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.”[12]
- **Heated Tobacco:** The US 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.”[13] 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.”[14]

Tobacco Harm Reduction 101

- **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.[15] 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.[16]
- **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.[17] A 2011 review of epidemiologic studies found that snus and smokeless tobacco use to be “99% less hazardous than smoking.”[18]
- **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.”[19] 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.”[20]

As cigarettes remain available, it is imperative that policymakers offer the consumers access to less harmful tobacco products. Policymakers should avoid excessive regulations, unfair taxation, and outright prohibition when enacting policies regarding novel tobacco harm reduction innovations. Lawmakers should put forth policies that both inform consumers of the wide variety of less harmful products, as well as allow the market to introduce products that are effective at both delivering nicotine in a less harmful manner and reducing smoking rates.

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Tobacco Harm Reduction 101

Heated Tobacco

Heated tobacco products (HTPs) are modern tobacco harm reduction devices designed to heat tobacco rather than burn it. As evidence in numerous literatures, it is the smoke in combustible cigarettes that is responsible for the most harms. As HTPs do not combust tobacco, they pose significantly less risks.

History of Heated Tobacco Products

Commercial HTPs were first developed in the 1980s, with further developments in the 1990s and the turn of the 21st century. However, early models were not popular and resulted in commercial failure. Despite a lack of consumer usage, in 2001, scientists at a panel convened by the National Academy of Sciences' Institute of Medicine, evaluated existing HTPs and noted that "it may be feasible for tobacco companies to produce less harmful cigarettes."^[i]

The first of a new era in modern heated tobacco technology arose with the launch of Philip Morris' IQOS in 2014, soon to be followed by similar devices made by British American Tobacco and Japan Tobacco International. There are also a wide variety of HTPs made by smaller independent manufacturers, mostly based in China.

HTPs differ from smoking in that they heat a tobacco-based "stick," rather than burning it, to create an aerosol that is inhaled. This process avoids vast amounts of the harmful elements of combustion which cause smoking-related diseases, as research has shown.^[ii]

They are currently sold as consumer products in more than 60 countries with Japan and South Korea being the largest markets, but popularity is rapidly growing in Europe, especially Italy, Greece and Lithuania. According to the most recent Tobacco Transformation Index, heated tobacco accounted for 2.4 percent of the global nicotine market by value in 2020 (\$20.8 billion), second only to vaping products in the noncombustible category.^[iii]

In the United States, only one HTP been authorized for market, as all tobacco products introduced prior to 2007 must undergo an application and authorization process by the U.S. Food and Drug Administration, regardless of their reduced harm potential.

The Research

As a rather novel tobacco harm reduction product, research is limited in the reduced harm of HTPs, yet existing literature is promising. Moreover, public health authorities, including the FDA, have acknowledged the reduced harm of HTPs.

HTP technology is a unique tobacco harm reduction tool because it has the "ability to regulate and distill flavor and nicotine at lower temperatures." Studies have compared HTPs by analyzing the "presence and relative concentrations of harmful and potentially harmful constituents (HPHCs)." A 2019 review of HTP studies found that compared to cigarettes, modern HTPs reduced HPHCs by at least 62 percent.^[i]

In addition to a marketing order, the U.S. FDA has authorized the IQOS system a modified risk tobacco product (MRTP) and "exposure modification" orders. An MRTP designates a tobacco product to be "sold or distributed for use to reduce the harm or the risk of tobacco-related disease associated with commercially marketed tobacco products."^[ii]

In order to be issued the orders, IQOS had to demonstrate various provisions including substantial "overall reductions in the exposure to the substance causing harm," as well as that consumers are using the product.^[i] Further, the manufacturer is required to conduct postmarket surveillance, ensuring the product is still less harmful and is being used as intended.

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.

Tobacco Harm Reduction 101

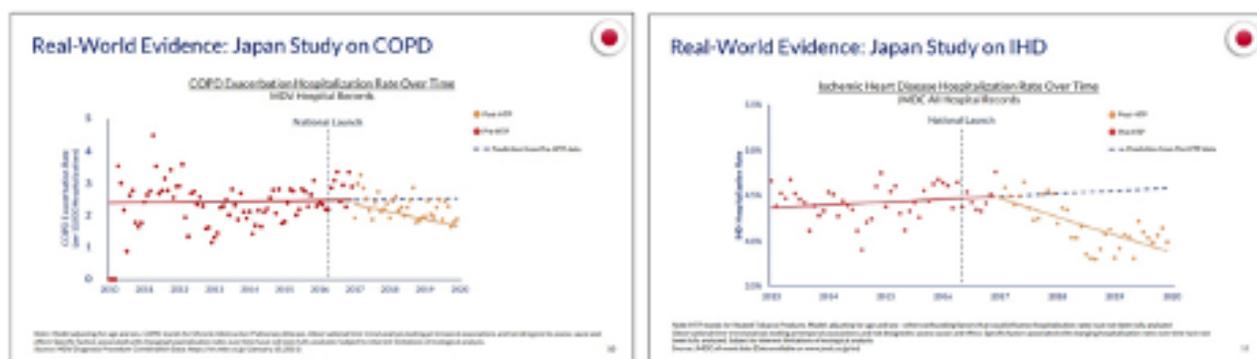
A 2020 study by the American Cancer Society remarked that heated tobacco products “likely reduced cigarette sales in Japan.”[i]

A 2022 Cochrane review found that there was “moderate-certainty evidence that heated tobacco users have lower exposure to toxicants/carcinogens than cigarette smokers.”[ii] The UK Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment estimates heated tobacco products’ aerosols to contain up to 90 percent fewer “harmful and potentially harmful compounds” compared to cigarette smoke.[iii]

Benefits of Heated Tobacco

Heated tobacco is a growing noncombustible market and presents a far safer alternative to combustible tobacco for people who currently smoke.

There are early signs in Japan and South Korea that hospitalizations for COPD and heart disease are falling as a result of the widespread uptake of heated tobacco products.[i]



Widespread uptake of heated tobacco could lead to population level reduced harm from nicotine use. According to the latest Global State of Tobacco Harm Reduction briefing, 20 million people currently use heated tobacco, almost all of whom are former smokers.[1]

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