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Higher taxes on e-cigarettes approved by Senate committee
Susan K. Livio, May 20 2014

Whether you chew, smoke cigars or a pipe, or have traded traditional tobacco products for electronic cigarettes, New Jersey consumers would pay a lot more for their habit under a bill a Senate committee approved Monday.

Members of the fast-growing e-cigarette industry and retailers warned the Senate Health, Human Services and Senior Citizens Committee that the higher taxes would drive demand for the devices to the internet or other states — taking sales tax revenue with it.

"The e-cigarette business is something my members have begun to rely on in the past two years to replace the revenue lost from tobacco products," said Sal Risalvato, of the New Jersey Gasoline, Convenience Store and Automotive Association. "Common sense has to tell us vapors will be less harmful to the person using it and the people around the person using it. Putting such a severe tax on vapor products will be harmful."

Members of the New Jersey Retail Vapor Coalition also shared personal stories about how they themselves went from a pack-a-day cigarette smokers to "vapers" who have been able to break their dependence on cancer-causing tobacco-based products. E-cigarettes deliver nicotine in the form of water vapor, and their use as an alternative to smoking should be promoted, not discouraged by higher taxes, they said.

"Since I started vaping, my senses of smell and taste have returned," e-cigarette business owner Ryan Bunting testified. "I no longer wheeze before I fall asleep at night. Within two weeks of switching I found I had more energy."

But with the U.S. Food and Drug Administration not yet weighing in on the safety of e-cigarettes, the committee took a more cautious approach and voted 5-2 with two abstentions to support the bill (S1867).

"E-Cigarettes are a fairly new product that is increasing in popularity across the state and around the country and we are still learning the health and safety risks and implications associated with them. With federal regulations not yet to be in place, these devices often contain toxic substances, carcinogens and unregulated amounts of nicotine," Sen. Joseph Vitale said, (D-Middlesex), chairman of the Senate health committee and is one of the bill's sponsors.

"Hopefully, by increasing the tax on these items we can curb the usage of electronic cigarettes and keep young people from starting an unhealthy and often deadly habit," he said.

Under the legislation, manufacturers of electronic cigarettes would face a 75 percent tax on the devices they sell to retailers, which range in price from \$12 to several hundred dollars each.

Consumers of cigars, loose tobacco and chewing products would see taxes rise from 30 percent to 68 percent, generating \$22 million a year.

For each cigar, for example, consumers would pay \$2.70 in taxes, just like for a pack of cigarettes. Smokeless tobacco users would pay \$4.15 an ounce, according to the bill.

These funds would go toward funding smoking-cessation programs, which have been gutted in recent years, as well as drug treatment programs, Vitale said.

The bill is a legislative version of Gov. Chris Christie's budget proposal that aims to generate \$35 million a year by levying tobacco-like taxes on the e-cigarette industry. Its chances of passing are unclear, however, because members of the Assembly Budget Committee have gone on record opposing the idea.

http://www.nj.com/politics/index.ssf/2014/05/e-cigarette_bill_nj_senate_committee.html