

Dear Council Members,

We write today in opposition to all efforts to impose a new tax on e-cigarettes and vapor products in Philadelphia. These efforts come on the heels of a new \$2-per-pack cigarette tax that went into effect just over two weeks ago.

A proposed bill by Councilwoman Blondell Reynolds Brown would enact a new \$2 tax on e-cigarettes and up to a \$5 per purchase tax on e-liquids for vapor devices. **Hundreds of thousands of dollars in higher taxes will financially cripple new small businesses in Philadelphia.** The small but growing segment of vapor specialty stores rely on the sale of these products as their sole source of revenue. To make the products sold in these stores uncompetitive will drive sales onto the Internet and outside of city limits.

That's precisely why higher taxes don't necessarily generate more revenue for the intended cause. Increasing public education's reliance on a volatile revenue source means that once businesses have been chased out of the city and sales go online, the city will be clamoring for even more revenue. This proposal is simply a placeholder for further tax hikes. **This is particularly troubling in times of tepid economic growth and in light of the 20 new or higher taxes that have been imposed by Congress in the last few years.**

Currently 44,000 students are on waiting lists for better performing charter schools. The problem lies not in lack of tax revenue for schools, but with the education system itself. **Higher taxes will not rectify the achievement gap of Philadelphia students compared to those across the country and globe.** Since the 2002-2003 school year, revenue for the school district has increased by over \$1 billion to \$2.97 billion. Meanwhile, there has been no improvement in testing scores since 2009, and a staggering 80 percent of students are not proficient in both math and reading.

The proposal to tax e-cigarettes would represent a massive step backwards for a city with the highest adult smoking rate among the U.S.'s ten major cities according to the CDC. A number of studies have shown that electronic cigarettes stand to improve health and prevent disease. This includes groundbreaking research by Dr. Igor Burstyn of the Drexel University School of Public Health on the chemistry of e-cigarette liquid and vapor.

By choosing to "vape" e-cigs instead of smoking traditional tobacco, consumers get their nicotine fix without the combustion and smoke, which are responsible for almost all of the negative health effects of tobacco cigarettes. Studies indicate that more and more smokers are abandoning the thousands of chemicals in traditional cigarettes in favor of smoke-free and tobacco-free e-cigarettes. Indeed, a recent study out of the United Kingdom that tracked nearly 6,000 smokers looking to quit found that the largest share of successful respondents had done so using e-cigarettes (20 percent), beating those who quit without help (15 percent) and those who used nicotine-replacement therapy such as gum or a patch (10 percent).

For decades, lawmakers have tried to mitigate smoking and the harm it causes through excise taxes and heavy regulation. However, with e-cigarettes, the free market has provided a solution to a problem that social engineers have not been able to address through stiff government regulations. **The imposition of new taxes on these products perpetuates an issue lawmakers have spent so much time trying to eliminate, as studies show that almost all e-cigarette use is by smokers looking to significantly cut back or transition away entirely from their dependence on combustible cigarettes.**

This e-cigarette tax hike is a shameless cash grab and should be rejected in favor of real reform.

Sincerely,

Grover Norquist
President, Americans for Tax Reform



Gregory Conley
President, American Vaping Association

