

**Testimony before the New Hampshire House Ways and Means Committee  
Regarding Taxing Tobacco and Vapor Products  
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January 22, 2025**

Chairman Janigian, Vice Chair Ulery, and Members of the Committee:

Thank you for your time today to discuss taxing and regulating vapor products in New Hampshire. 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.

Policymakers should avoid relying on excise taxes to fund state budgets. While cigarette tax hikes increase revenue in the short term, such taxes are unreliable in the long term and gradually decrease as fewer adults smoke. Further, excise taxes, or sin taxes, are often used to deter persons from harmful behaviors, as a tobacco harm reduction tool, e-cigarettes or vapor products are less harmful and useful in helping adults quit smoking, and should not be subject to excessive taxation.

**Key Points:**

- In 2023, 119,600 New Hampshire adults (10.4 percent) were currently smoking. This is a 7.1 percent decrease from 2022 and represents 8,494 fewer adults smoking.
- Among all adults earning \$25,000 or less in 2023, 26.4 percent were currently smoking, compared to 6.5 percent of adults earning \$50,000 or more.
- Between 2003 and 2023, adult smoking rates declined by 50.9 percent, from 21.2 percent to 10.4 percent.
- Among young adults aged 18 to 24 years old, smoking rates declined by 88.6 percent, from 33.4 percent of young adults smoking in 2003, to 3.8 percent in 2023.
- In 2023, 77,050 New Hampshire adults (6.7 percent) were currently using e-cigarettes. This is a 4.3 percent decrease from 2022 and represents 3,009 fewer adults vaping.
- Among all adults, between 2016 and 2023, smoking rates declined by 42.2 percent, while vaping rates increased by 31.4 percent.
- Youth smoking rates are at record lows. In 2023, only 14.8 percent of New Hampshire high school students had ever-tried a cigarette, while 3.9 percent were currently smoking.
- Youth vaping peaked in 2019, when 49.8 percent of high school students had tried an e-cigarette, and 33.8 percent were currently using e-cigarettes.
- Between 2019 and 2023, ever-use of e-cigarettes among high schoolers declined by 34.5 percent, while currently use declined by 50.6 percent.

- Cigarette taxes are unreliable sources of revenue. Between 2011 and 2023, cigarette tax collections declined by 1.4 percent annually.
- Small vapor's total economic impact to the Granite State was more than \$91 million in 2023.
- E-cigarettes are a tobacco harm reduction tool and should not be burdened with excessive taxation.
- Numerous public health groups such as the FDA and CDC recognize e-cigarettes as less harmful and useful in helping adults quit smoking.
- Public Health England found e-cigarettes to be 95 percent safer than combustible cigarettes.
- New Hampshire should invest more funding in tobacco control programs including cessation, education, and prevention efforts.

### **Tobacco and Vapor Product Use Among New Hampshire Adults**

Similar to other states and nationwide survey data, the percentage of adults who smoke combustible cigarettes are at record lows in the Granite State. In 2023, according to data from the Center for Disease Control and Prevention's Behavioral Risk Factor Surveillance System (CDC BRFSS) survey, 10.4 percent of adults aged 18 years or older were currently smoking, while 7.7 percent of adults reported daily smoking rates.<sup>1</sup> Between 2003 and 2023, smoking rates among New Hampshire adults decreased by 50.9 percent, more than one-fifth (21.2 percent) of adults smoking.

Among young adults aged 18 to 24 years old, smoking rates are at some of their lowest levels recorded. In 2023, less than one in ten (3.8 percent) of New Hampshire young adults were currently smoking. This is a whopping 88.6 percent decline from 2003, when more than one-third (33.4 percent) reported current combustible cigarette use.

In New Hampshire, lower income and less educated adults were more likely to smoke than adults with high income and college degrees. In 2023, 26.5 percent of adults who had earned less than \$25,000 a year reported current cigarette use, compared to only 6.5 percent of adults who reported incomes of \$50,000 or more. Among adults who did not graduate high school or obtain a G.E.D., more than one-fourth (27.3 percent) reported current cigarette used compared to only 3.7 percent of college graduates.

While adult cigarette use continues to decline in the Granite State, use of e-cigarettes has increased since 2016. In 2023, 6.7 percent of New Hampshire adults aged 18 years or older were currently using vapor products, which was a 4.3 percent decrease from 2022, but a significant 31.4 percent increase from 2016 (the first year with CDC BRFSS data on e-cigarette use), when 5.1 percent of New Hampshire reported using e-cigarettes.

The introduction of e-cigarettes in New Hampshire correlates with reduced rates in smoking among all adults, but especially among young adults. Between 2016 and 2023, vaping rates

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increased by 31.4 percent among all adults, while smoking rates decreased by 42.2 percent. Among young adults aged 18 to 24 years old, vaping rates increased by 35.2 percent, while smoking rates dropped by 84.3 percent.

Similar to smoking rates, lower income and less educated adults were more likely to vape in New Hampshire. In 2023, 10.4 percent of adults who earned incomes of \$25,000 or less per year were current e-cigarette users, compared to only 6 percent of adults earning \$50,000 or more. Among adults who did not earn a high school diploma or G.E.D., 14.9 percent were currently vaping compared to 3.1 percent of college graduates.

With record lows in adult combustible cigarette use, correlating with increases in e-cigarette use, policymakers must recognize the efficacy in tobacco harm reduction products such as vapor products in reducing smoking rates among New Hampshire adults.

### **Tobacco and Vapor Product Use Among New Hampshire Youth**

Similar to adult use, youth combustible cigarette use is at record lows, while youth vapor product use has declined since peaking in 2019.

According to the CDC's biennial Youth Risk Behavior Survey, in 2023, among New Hampshire high school students:<sup>2</sup>

- 14.8 percent had ever-tried a combustible cigarette
- 3.9 percent reported current combustible cigarette use
- 1 percent reported frequent (20 days or more) combustible cigarette use
- 0.9 percent reported daily combustible cigarette use

Between 2003 and 2023, among New Hampshire high school students:

- Current use of combustible cigarettes decreased by 94.9 percent
- Ever use of combustible cigarettes decreased by 94.6 percent
- Daily use of combustible cigarettes decreased by 89 percent
- Frequent use of combustible cigarettes decreased by 78.8 percent

In recent years, policymakers have turned their attention towards youth use e-cigarette use. Similar to national trends, youth vaping peaked in 2019, when nearly half (49.8 percent) of New Hampshire high school students had ever-tried an e-cigarette, and more than one-third (33.8 percent) reported current use. Between 2019 and 2023, ever-use of e-cigarettes among New Hampshire high school students declined by 34.5 percent, to 32.6 percent of students, while current use declined by 50.6 percent, to 16.7 percent of students.

## **Cigarette Taxes Are Not Sustainable Source for Revenue**

From 2001 to 2011, “revenue projections were met in only 29 of 101 cases where cigarette/tobacco taxes were increased,” according to the National Taxpayer Union Foundation.<sup>3</sup> Moreover, a decline in cigarette consumption caused cigarette tax revenues “to drop by an average of about 1 percent across all states from 2008 to 2016,” according to a report by Pew Charitable Trusts.<sup>4</sup> A 2020 report by the Tax Foundation noted that cigarette tax revenue has fallen in all states and considers cigarette tax revenue to be “so unstable.”<sup>5</sup>

In New Hampshire, cigarette taxes have been increased five times since 2005. In 2007, the state increased the excise tax on pack of cigarettes by \$0.28, bringing the total tax to \$1.78. Although this led to an immediate 16.3 percent increase in cigarette tax revenue, cigarette tax revenue declined on average by 1.4 percent annually between 2011 and 2023.

New Hampshire benefited from Massachusetts’ 2020 flavor ban, which banned the sale of menthol cigarettes. In 2021, New Hampshire collected \$228.3 million in cigarette excise taxes, which was a 14.4 percent increase from 2020’s \$199.5 million. However, this was a short-term increase. In 2022, the Granite State collected \$204.5 million in cigarette tax revenue, and in 2023, collected \$186.5 million – or \$13 million less than what was collected in 2020.

## **Legislation Will Shutter Small Business in New Hampshire**

This bill will shutter small vapor in New Hampshire – and wipe out the economic benefits vaping provides to the state.

In 2023, according to the Vapor Technology Association, the vapor industry provided more than \$9.9 million in wages.<sup>6</sup> In 2023, the vape industry provided more than \$2.6 million in state taxes to New Hampshire. In fact, VTA estimates vapes total economic impact to the state in 2023 to be more than \$91.7 million.

## **Proposal Will Stunt Tobacco Harm Reduction Options for Adults**

Many public health agencies have found e-cigarettes to be less harmful and useful in helping adults quit. The U.S. Food and Drug Administration (FDA) has remarked that “transitioning completely from using cigarettes to an e-cigarette would reduce the risk of exposure to harmful chemicals.”<sup>7</sup> The agency has even authorized the sale of a handful of e-cigarettes, finding these products to be “appropriate for the protection of public health.”<sup>8</sup>

Other American public health organizations have said the same. The CDC has stated that e-cigarettes are “less harmful than regular cigarettes, with e-cigarette “aerosol generally [containing] fewer toxic chemicals” than what is found in combustible cigarette smoke.”<sup>9</sup>

In the United Kingdom, public health agencies including the UK Royal College of Physicians (RCP) and Public Health England (PHE) promote the use of e-cigarettes for adults who smoke and are unable to simply quit cigarettes. RCP states that e-cigarettes are unlikely to exceed 5 percent of the risks from smoking.<sup>10</sup> PHE has found that “vaping poses a small fraction of the risks of smoking.”<sup>11</sup> Last year, the UK government gave away 1 million free e-cigarette products in a campaign to reduce smoking rates.<sup>12</sup>

### **Nicotine Is Not What Causes the Most Harm**

Contrary to massive misinformation campaigns demonizing the chemical, nicotine is not what causes the most harm from combustible cigarette use.

The U.S. Food and Drug Administration (FDA) has stated that nicotine “is not the primary cause of cancer and other chronic smoking-related diseases.”<sup>13</sup> The U.S. Centers for Disease Control and Prevention point out that “nicotine medicines” do not cause cancer, lung disease, and that they are “much less likely to cause heart disease than continued smoking.”<sup>14</sup>

Lawmakers should refrain from policies which would deter adults who smoke from using less harmful forms of nicotine.

### **New Hampshire Should Dedicate More of Existing Tobacco Monies on Tobacco Control Programs**

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 Granite State collected \$186.5 million in state excise tax revenue from combustible cigarettes. This was an 8.8 percent decrease from 2022’s \$204.5 million, or \$18 million less. Between 2003 and 2023, New Hampshire collected more than \$3.8 billion in cigarette taxes.

Since the 2000s, New Hampshire collected annual 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. New Hampshire collected \$44.7 million in settlement payments in 2023, an 8.8 percent decrease from 2022’s \$44.9 million, or \$4.3 million less. Since 2003, the Granite State collected more than \$937 million in tobacco settlement payments.

While New Hampshire collected \$231.2 million in tobacco-related monies in 2023, the state allocated only \$500,000 in state funding towards tobacco control programs, including cessation, education, and youth prevention efforts, which was a 16.7 percent decrease in funding from 2022, or \$100,000 less. This amounts to 0.3 percent of taxes and 1.1 percent of settlement

payments. In 2023, for every \$1 the state received in tobacco monies, it spent less than \$0.01 on tobacco control efforts. Between 2003 and 2023, New Hampshire collected more than \$4.7 billion tobacco monies, yet spent only \$7 million (or 0.1 percent) on tobacco control efforts during the same period.

Simply, if lawmakers want to help further reduce youth and adult tobacco and vapor product use, they ought to invest more into existing programs including education and prevention efforts.

## Conclusion

With youth smoking at record lows and youth vaping having consistently declined in recent years, it is not necessary for New Hampshire policymakers to impose excessive taxation on e-cigarettes. Rather than increasing excise taxes on tobacco and tobacco harm reduction products that have helped adults quit smoking, policymakers should strengthen existing tobacco control programs, which have already helped lead to declines.

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<sup>1</sup> Centers for Disease Control and Prevention, “BRFSS Prevalence and Trends Data,” 2023, <https://www.cdc.gov/brfss/brfssprevalence/>. Accessed January 10, 2025.

<sup>2</sup> New Hampshire Department of Health & Human Services, “YRBS Past Surveys and Reports,” <https://www.dhhs.nh.gov/programs-services/population-health/health-statistics-informatics/youth-risk-behavior-survey/yrbs>. Accessed January 2025.

<sup>3</sup> National Taxpayers Union Foundation, “Tobacco Taxes: Problems, Not Solutions, for Taxpayers and Budgets,” Issue Brief, July 31, 2013, <https://www.ntu.org/foundation/detail/tobacco-taxes-problems-not-solutions-for-taxpayers-and-budgets>.

<sup>4</sup> Kil Huh et al., Are Sin Taxes Healthy for State Budgets?, The Pew Charitable Trusts and Rockefeller Institute of Government, July 2018, [http://www.pewtrusts.org/-/media/assets/2018/07/sin\\_taxes\\_report.pdf](http://www.pewtrusts.org/-/media/assets/2018/07/sin_taxes_report.pdf).

<sup>5</sup> Ulrik Boesen and Tom VanAntwerp, “How Stable is Cigarette Tax Revenue?” Tax Foundation, July 9, 2020, <https://taxfoundation.org/cigarette-tax-revenue-tool/>.

<sup>6</sup> Vapor Technology Association, “The Economic Impact of the Vapor Industry 2023 – New Hampshire,” 2023, <https://vta.guerrillaeconomics.net/reports/c508625c-318b-4fa9-946a-5d466a6ed7d0?>.

<sup>7</sup> U.S. Food and Drug Administration, “Facts about E-Cigarettes,” Jul. 7, 2023, <https://www.fda.gov/news-events/press-announcements/fda-issues-decisions-additional-e-cigarette-products>.

<sup>8</sup> U.S. Food and Drug Administration, “FDA Issues Decisions on Additional E-Cigarette Products,” *FDA News Release*, Mar. 24, 2022, <https://web.archive.org/web/20230404124426/https://www.fda.gov/news-events/press-announcements/fda-issues-decisions-additional-e-cigarette-products>.

<sup>9</sup> Centers for Disease Control and Prevention, “About Electronic Cigarettes (E-Cigarettes),” *Smoking & Tobacco Use*, Nov. 2, 2023, [https://www.cdc.gov/tobacco/basic\\_information/e-cigarettes/about-e-cigarettes.html](https://www.cdc.gov/tobacco/basic_information/e-cigarettes/about-e-cigarettes.html).

<sup>10</sup> Royal College of Physicians, “E-cigarettes and non-combustible inhaled tobacco products,” Sept. 2017, <https://www.rcgp.org.uk/representing-you/policy-areas/e-cigarettes#:~:text=Public%20Health%20England%20and%20the,from%20conventional%20smoking13%2C14..>

<sup>11</sup> Public Health England, “Nicotine vaping in England: 2022 evidence update main findings,” Sept. 29, 2022, <https://www.gov.uk/government/publications/nicotine-vaping-in-england-2022-evidence-update-main-findings>.

<sup>12</sup> Department of Health and Social Care, “Smokers urged to swap cigarettes for vapes in world first scheme,” GOV.UK, Apr. 11, 2023, <https://www.gov.uk/government/news/smokers-urged-to-swap-cigarettes-for-vapes-in-world-first-scheme>

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<sup>13</sup> U.S. Food and Drug Administration, “Fact or Fiction: What to Know About Smoking Cessation and Medications,” Mar. 28, 2019, <https://web.archive.org/web/20230727190611/https://www.fda.gov/consumers/consumer-updates/fact-or-fiction-what-know-about-smoking-cessation-and-medications>.

<sup>14</sup> Centers for Disease Control and Prevention, “Quit smoking medicines are much safer than smoking,” *Tips From Former Smokers*, Sep. 12, 2023, <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>.