

## Letter from nicotine science & policy experts on the taxation of e-cigarettes in Israel

January 6, 2022

To: Members of the Finance Committee  
Knesset, Israel

We write to you as public health experts in support of rational nicotine policy.

We are concerned about the high tax imposed on e-cigarettes in Israel, intended to equate the tax with that on conventional cigarettes.<sup>1</sup>

The US National Academies of Sciences (NASSEM)<sup>2</sup> and the UK Royal College of Physicians<sup>3</sup> have concluded that vaping e-cigarettes is likely far less hazardous than tobacco smoking.

Differences in tax policy across US states have created a natural experiment, allowing researchers to measure the effects of such taxes on smoking trends. The results of this research, across multiple studies, show that taxing e-cigarettes substantially increases tobacco smoking in both adults and in young people.<sup>4,5,6,7,8</sup> This data has led health economists to conclude that for every 3 teens who refrain from e-cigarettes because of an increased tax, 2 will likely smoke cigarettes instead.<sup>9</sup>

In addition, because e-cigarette liquid can be easily assembled from readily available ingredients,<sup>10</sup> a high tax will cause an unregulated market of homemade liquids, some of which may contain harmful constituents.

Among teens who have never used tobacco, frequent e-cigarette use is very rare.<sup>11,12</sup> Therefore, because e-cigarettes primarily substitute tobacco smoking, their net public health effects are expected to be positive.

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<sup>1</sup> [https://www.gov.il/en/departments/news/sa211121\\_1](https://www.gov.il/en/departments/news/sa211121_1)

<sup>2</sup> National Academies of Science, Engineering and Medicine (US). The Public Health Consequences of E-cigarettes. Washington DC. January 2018 [\[link\]](#)

<sup>3</sup> Royal College of Physicians. "Nicotine without smoke: Tobacco harm reduction." London: RCP, 2016 [\[link\]](#)

<sup>4</sup> Saffer et al. "E-cigarettes and adult smoking: Evidence from Minnesota." *Journal of Risk and Uncertainty* (2020) [\[link\]](#)

<sup>5</sup> Pesko and Warman. "Re-exploring the early relationship between teenage cigarette and e-cigarette use using price and tax changes." *Health Economics* (2021) [\[link\]](#)

<sup>6</sup> Pesko, Courtemanche, and Maclean. "The effects of traditional cigarette and e-cigarette tax rates on adult tobacco product use." *Journal of Risk and Uncertainty* [\[link\]](#)

<sup>7</sup> Cotti et al. "The effects of e-cigarette taxes on e-cigarette prices and tobacco product sales: evidence from retail panel data." National Bureau of Economic Research, 2020 [\[link\]](#)

<sup>8</sup> Abouk et al. "Intended and unintended effects of e-cigarette taxes on youth tobacco use." National Bureau of Economic Research, 2021 [\[link\]](#)

<sup>9</sup> Pesko et al. Correspondence to US Congress on 8/11/21. [\[link\]](#)

<sup>10</sup> Clive Bates. Regulators and the compliance fallacy – buying 99% nicotine e-liquid from China. *clivebates.com* [\[link\]](#)

<sup>11</sup> Jarvis et al. "Epidemic of youth nicotine addiction? What does the National Youth Tobacco Survey 2017-2019 reveal about high school e-cigarette use in the USA?" Qeios. 2020. [\[link\]](#)

<sup>12</sup> McNeill et al. "Vaping in England: an evidence update February 2019." A report commissioned by Public Health England. London: Public Health England (2019). [\[link\]](#)

To maximize substitution from tobacco cigarettes to e-cigarettes, the latter should be priced as advantageously as possible in relation to cigarettes, keeping the price of e-cigarettes as low as possible, while increasing the price of regular cigarettes.<sup>3</sup>

A reasonable alternate proposal is to apply a small tax on e-cigarettes to mitigate the limited youth uptake, accompanied by a much larger tax increase on conventional cigarettes.<sup>13</sup>

A modest or zero e-cigarette tax, paired with a greatly increased tax on tobacco cigarettes, would provide a substantial benefit to public health by discouraging smoking, while allowing substitution to far safer alternatives and increasing life expectancy.

All signatories confirm having no conflicts of interests in relation to the e-cigarette or tobacco industries.

Sincerely yours,

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<sup>13</sup> Kenneth E. Warner. Build Back Better's e-cigarette tax will make people smoke more. The Washington Post [\[link\]](#)

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