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Herald News: Taxing E-Cigarettes

Herald News Staff, March 25, 2014

Slowly but surely, the debate over the relative effects of e-cigarettes is making its way into politics. In New Jersey, that debate has escalated due to a provision in Governor Christie's proposed \$34 billion state budget for fiscal 2015 that would raise the tax on e-cigarettes. Under the governor's plan, the tax on e-cigarettes would be raised from the basic sales-tax level to a rate comparable to the tax on regular cigarettes, which is now \$2.70 per pack.

Those opposed, including Assemblyman Gary Schaer, D-Passaic, chairman of the Assembly Budget Committee, say e-cigarettes have helped them on the road to giving up traditional tobacco cigarettes. One North Jersey resident told the Herald News that e-cigarettes — which deliver a liquid vapor, with varying percentages of nicotine — were "the one thing on the market" that worked for him after years of trying to quit smoking.

Such stories are heartening, but the verdict is still out on the full effects of e-cigarettes. While many longtime smokers seem to have found benefits, e-cigarettes may also be enticing young people who have never smoked before to begin. As the Centers for Disease Control said recently in a press release: "Although e-cigarettes appear to have fewer toxins found in smoke compared to traditional cigarettes, the impact of e-cigarettes on long-term health must be studied."

Of course, it is economics that drive the current tax debate. So-called "vaping" stores that sell e-cigarettes, e-liquid and related devices have taken off in North Jersey, and last year, U.S. sales of e-cigarette products were reported to be in the neighborhood of \$2 billion.

Clearly, e-cigarettes represent a growing market in New Jersey. Whether that means a higher tax would generate \$35 million, as the Christie administration claims, is debatable, but certainly the commerce of e-cigarettes represents a viable target for taxation.

The state needs every cent it can get right now. Taxing e-cigarettes at a higher rate doesn't seem an outrageous thing to do. Neither would regulating this new product that, like cigarettes, may prove to be more harmful to consumers than their manufacturers want them to believe.

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