Vote NO on
HB19-1333: Cigarette tobacco & Nicotine Products Tax.

Loss of revenue to online sales and closure of retail premium tobacconists across Colorado

Currently, Colorado's Other Tobacco Products (OTP) excise tax rate is 40% of the manufacturers list price (MLP). This means a $200 box of 20 cigars has an excise tax rate of $80 applied to the cost of the box. This is applied on top of the federal excise tax (FET) and then state sales tax is applied on top of both the FET and sales tax. **Under the language of HB19-1333 the excise tax would increase to 62% of MLP. This means that same $200 box of 20 cigars would have a tax rate of $124 applied to the cost of the box.**

Increasing premium cigars to a 62% excise tax rate would put Colorado at #5 in the country for the highest excise tax rate for cigars, just behind California.

HB19-1333 means a loss of revenue for both state and business
Premium cigars and pipe tobacco, unlike cigarettes can be purchased online and shipped directly to a consumer's home with ZERO tax collected and ZERO paid to the state. Online retailers are located in states that have zero taxes for cigars. Roughly 60% of cigar purchases nationally are conducted online.

Raising the OTP excise tax rate will not change consumption, only change the way they are purchased.

11 states have reduced the rate of excise tax on premium cigars to combat the issue of online sales & lost sales. These states have seen an increase in revenue collected by the state. Examples include Oregon, Michigan, Arkansas, Connecticut, Ohio, New Mexico, Minnesota, Wisconsin, Washington, Rhode Island, and Iowa. Most recently, in 2019, New Mexico lowered their rate for the absolute reason of deterring consumers from purchasing online.

HB19-1333 will have a detrimental effect of the brick and mortar premium tobacconists who run specialty shops that cater to adult consumers. Please do not harm businesses that provide valuable revenue to the state and its business owners.

More information contact: Tyler Henson, Western US Government Affairs
P: 720-232-7923 E: tyler@ipcpr.org

SETTING THE RECORD STRAIGHT:
NIH & FDA DATA ON PREMIUM CIGAR USE AND PUBLIC HEALTH IMPACT

Data from recent government-funded and government-led studies definitively prove that premium cigars are a unique product category that are almost exclusively enjoyed by older adults infrequently.

WHY THIS MATTERS:

IPCPR used the FDA's comment period as an opportunity to remind the administration that even their own data does not support the regulation of premium cigars. These data points prove why regulating cigars is ineffective in accomplishing that goal.

.02% Only **.02%** reported smoking a premium cigar in the past 30 days

The average age of an individual's first premium cigar is **30 years old**—compared to 16.7 years old for cigarettes

The average premium cigar consumer smokes **1.2 days out of every 30**—compared to 29.6 days out of 30 for cigarette smokers

Over half (52%) of current premium cigar smokers (25 and older) have a **college degree**—compared to 32% across the US population

There is **no meaningful correlation** between premium cigars and cigarette smoking

97% of all premium cigar consumers do not smoke daily

No statistically significant increase in risk for smoking related diseases can be found between non-daily premium cigar smokers and non-smokers in general

THE STUDIES:

PATH Study: The Population Assessment of Tobacco and Health (PATH) study is a joint study by the FDA and the National Institutes of Health (NIH) that covers a multi-year cross section of youth and adult. PATH is one of the few government studies that effectively identified and analyzed data specific to premium cigars.

National Longitudinal Mortality (NLM) Study: An article published in the Journal of American Medicine (JAMA) analyzed the NLM study which tracked a population of 350,000 Americans for nearly 3 decades. The article, Association of Cigarette, Cigar, and Pipe Use with Mortality Risk in the US Population, examined the relationship between mortality, risk and use across a range of tobacco products over a population of over 350,000 individuals for nearly 3 decades.

Visit **www.ipcprlegislative.org** to learn more.