



PMI US CORPORATE SERVICES

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Written Testimony on Maine LD 210

An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027

Submitted to the Joint Standing Committee on Appropriations and Financial Affairs by Abigail Jewett, Director of External Affairs & Head of Northeast Region, on behalf of PMI US Corporate Services Inc.

February 3, 2025

Chairs Rotundo and Gattine, and members of the Joint Standing Committee on Appropriations and Financial Affairs:

Thank you for the opportunity to provide testimony on the Governor's 2026-2027 budget and specifically, to Language Part "E" that would make changes to tax rates affecting certain tobacco products.

This testimony is delivered on behalf of PMI US Corporate Services Inc. (PMI US), part of the Philip Morris International family of companies. PMI's mission is to reduce smoking by replacing combustible cigarettes with less harmful alternatives for the approximately 28 million American adults who still smoke, which includes nearly one in six adult Mainers¹.

Of note, PMI US has never, and will never, sell combustible cigarettes in the United States. Rather, our goal is to offer a portfolio of FDA-authorized smoke-free products that can provide legal-age adult smokers with a better choice. While no product is risk-free and all products containing nicotine are addictive, smoke-free alternatives are better options to people who would otherwise continue to smoke.

However, for adult smokers to switch away from cigarettes, smoke-free alternatives must be acceptable, available and affordable. On a very basic level, if smoke-free products cost more than cigarettes, adult smokers are more likely to continue smoking, even if they know the risks. And on average, fewer than 1 in 10 smokers quit smoking altogether each year.

Language Part "E" in the Governor's proposed budget would raise the cigarette tax rate—but in doing so, it would, concerningly, also raise the tax rate on several smoke-free alternatives.

For example, PMI US manufactures a product called IQOS, the first "heat not burn" product authorized as a new tobacco product and as a modified risk tobacco product by the FDA. That means that after a rigorous review, the FDA concluded that IQOS is both "appropriate for the protection of public health" and "appropriate to promote public health." In its reviews, FDA has substantiated that IQOS delivers 90-

95% fewer harmful chemicals and toxins than a combustible cigarette. In short, it is an innovative, harm-reduction product that lawmakers should want to incentivize adult smokers to use in order to leave combustible cigarettes behind.

In Maine, though, the state’s definition of a cigarette also captures IQOS, despite the product’s demonstrably different risk profile. That means that Language Part “E” would raise the tax rate for this smoke-free alternative just as it would for more harmful combustible cigarettes.

In accordance with 36 M.R.S. § 4403(5), Language Part “E” would also trigger an increase in the tobacco products tax rate to maintain equivalence, which would result in a tax increase on several other FDA-authorized smoke-free alternatives to combustible cigarettes. This includes ZYN, PMI US’s FDA-authorized nicotine pouch product, but also several FDA-authorized traditional smokeless tobacco products manufactured by PMI US and others.

Consumer attitudes toward novel smoke-free products like IQOS and ZYN are shaped in part by government policies. If state governments treat these items the same as combustible cigarettes, many smokers will likely view them as the same. As adult consumers see and use these products, it will be important to have government policies in place that affirm they are making a better choice. This can be easily achieved with a comprehensive policy of risk-based taxation, examples of which have already been implemented in other states.

To that end, we would respectfully urge the Committee not to adopt Language Part “E,” and instead work with stakeholders to ensure that tobacco-related tax changes align with our shared goal to reduce tobacco-related disease and death for Mainers. We stand ready to work with the Legislature on alternative proposals that better align with the principle of tobacco harm reduction.

Thank you very much for your time.

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ⁱ [Maine Tobacco Prevention and Control Advisory Council 2022 Annual Report](#)