

From: Lindsay Lewis, CEO, Progressive Policy Institute
To: Members of the Maine State Legislature
Re: Testimony Opposing the Nicotine Tax Increase in Maine on Non-Combustible Products

Dear Members of the Maine State Legislature,

Thank you for the opportunity to submit testimony regarding the proposed nicotine tax increase. As a proponent of progressive policies rooted in equity, harm reduction, and economic fairness, I strongly urge lawmakers to reform this measure to not include non-combusible nicotine products. While PPI supports efforts to phase out combustible cigarettes and end smoking as we know it, the proposed tax increase on non-combustible products as well will have the reverse effect, disproportionately negative affect low-income individuals, drive consumers toward illicit markets, destabilize small businesses, and ultimately fail to achieve its intended public health goals.

1. The Regressive Nature of Excise Taxes

The proposed measure to increase the tax on non-combustible nicotine products is particularly harmful to lower-income individuals, who already bear a disproportionate burden from nicotine excise taxes. If the \$1.00 tax increase is enacted, an adult consumer earning under \$15,000 annually will face an average of a 13.4% tax on their income, while those earning over \$100,000 will pay just 2.0%. Moreover, 36.3% of Mainers earning less than \$15,000 are smokers, compared to just 6.6% of those making over \$100,000. This burden will fall heaviest on Maine's most vulnerable communities, exacerbating economic inequality without offering sufficient opportunities for harm reduction.

2. The Unintended Consequences of Prohibition

Taxing nicotine products does not eliminate demand—it merely shifts it to unregulated markets and neighboring states, much like past prohibitions on alcohol and cannabis. According to law enforcement officials, as many as one-fifth of all cigarettes sold in the U.S. are illicit, costing states \$3 billion to \$7 billion annually in lost revenue. Following Massachusetts's ban of flavored tobacco products in 2020, CDC BRFSS showed that there was no meaningful decline in the consumption of the products in the state by 2022, but a meaningful decline in sales. This is because consumers simply shifted their purchasing habits to the black market and neighboring states such as Rhode Island and New Hampshire. This change resulted in a \$100 million decline in state sales tax revenue for Massachusetts.

If enacted, Maine's tax increase will result in similar consequences for the state's sales tax revenue and will negatively impact small businesses that sell these products, particularly those close to the New Hampshire border.

3. Unstable Revenue Streams Jeopardize Essential Programs

The state has historically relied on nicotine tax revenue to fund critical public health initiatives. However, as previously mentioned, Maine’s new proposals would likely decrease, rather than increase, state revenue collected on nicotine products. That is on top of broader trends; Maine’s tax-paid cigarette sales have declined by an average of 2.4% annually over the past decade. If this trend accelerates due to increased smuggling or cross-border purchases, the state will be left with significant funding gaps for vital programs.

Progressive governance requires stable and equitable funding mechanisms—not unreliable revenue sources that penalize marginalized populations while leaving public services vulnerable to budget shortfalls.

4. A More Effective, Science-Based Alternative: Harm Reduction

Rather than increasing the taxes on all nicotine products equally, Maine should follow the example of progressive public health models that emphasize harm reduction and tax less harmful non-combustible products like vapes, pouches and other products at a lesser rate. Countries like the United Kingdom and Canada have embraced nicotine alternatives, such as flavored vapor products, as safer options for adult smokers looking to quit traditional cigarettes.

Maine’s proposal to raise the tax on non-combustible nicotine products, such as pouches and vapor, would bring them to near parity with traditional cigarettes. This move runs counter to the very basic principles of harm reduction, as it reduces the incentive for consumers to switch to less harmful products.

Public health experts, including the FDA and the Royal College of Physicians, recognize that e-cigarettes and alternative nicotine products are significantly less harmful than combustible tobacco. By reducing the incentive to switch, Maine risks pushing people back toward traditional cigarettes—the very outcome this measure seeks to prevent.

Conclusion

A progressive approach to public health policy should be rooted in science, equity, and economic fairness. The proposed excise tax increase on all three fronts. It disproportionately harms low-income individuals, fosters illegal markets, and weakens Maine’s fiscal health while ignoring the proven benefits of harm reduction strategies.

For these reasons, I respectfully urge you to oppose this measure and instead consider policies that promote public health while safeguarding economic stability and consumer choice.

Thank you for your time and consideration.