



## **Testimony in Support of LD 278:**

**“An Act to Eliminate the Tobacco Products Tax on Certain Products That Contain Nicotine”**

Senator Grohoski, Representative Cloutier, and the distinguished members of the Committee on Taxation, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify in support of LD 278, legislation that seeks to eliminate the tobacco tax on certain products which contain nicotine.

### **Supporting Harm Reduction and Consumer Choice**

LD 278 presents an opportunity for Maine to adopt a harm-reduction approach to nicotine use. It is well-documented that not all nicotine products pose the same health risks. Traditional combustible tobacco products, such as cigarettes, are far more harmful than reduced-risk alternatives, such as smokeless tobacco, nicotine pouches, and electronic nicotine delivery systems (ENDS).<sup>1</sup> Eliminating the tobacco tax on certain nicotine products that do not contain tobacco will incentivize smokers to switch to less harmful alternatives, ultimately leading to improved public health outcomes.

A growing body of research, including findings from Public Health England and the National Academies of Sciences, Engineering, and Medicine, indicates that alternative nicotine products are significantly less harmful than traditional cigarettes.<sup>2</sup> Additionally, the US Food and Drug Administration has granted certain non-tobacco nicotine products (Zyn in particular) marketing authorization, which in part means they believe it creates more benefits than risks to public health.<sup>3</sup> By making these alternatives more accessible and affordable, LD 278 aligns Maine’s tax policy with harm reduction principles endorsed by public health experts worldwide.

Even Maine’s Governor announced in her 2025 State of the Budget address that she believes cigarettes are a major health problem in Maine.<sup>4</sup> While she has so far only advocated tobacco reduction solutions that coincidentally generate General Fund revenue, this proposal would directly address the health risks over which she has stated

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[https://assets.publishing.service.gov.uk/media/5b6c3f57ed915d30f140f822/Ecigarettes\\_an\\_evidence\\_update\\_A\\_report\\_commissioned\\_by\\_Public\\_Health\\_England\\_FINAL.pdf](https://assets.publishing.service.gov.uk/media/5b6c3f57ed915d30f140f822/Ecigarettes_an_evidence_update_A_report_commissioned_by_Public_Health_England_FINAL.pdf)

<sup>2</sup> <https://nap.nationalacademies.org/catalog/24952/public-health-consequences-of-e-cigarettes>

<sup>3</sup> <https://www.bakerlaw.com/insights/fda-authorizes-marketing-of-zyn-nicotine-pouches/>

<sup>4</sup>

<https://www.maine.gov/governor/mills/sites/maine.gov.governor.mills/files/inline-files/Governor%20Mills%202025%20State%20of%20the%20Budget%20Remarks%20As%20Prepared%20for%20Delivery%20.pdf>



concern. If Maine truly has a tobacco consumption crisis, removing the tax on FDA approved harm reduction products is the most effective way to combat this crisis.

### **Economic Fairness and Reducing Regressive Taxation**

Maine's existing tax structure on nicotine products disproportionately affects lower-income consumers, who bear a higher financial burden relative to their earnings. Tobacco and nicotine taxes are inherently regressive, meaning they impose greater economic strain on low-income individuals compared to wealthier consumers. By removing the tax on certain non-combustible nicotine products, LD 278 alleviates this financial burden while encouraging consumers to transition away from the most dangerous forms of tobacco use.

Furthermore, businesses that sell these alternative nicotine products will benefit from a more rational tax framework. When consumers shift toward lower-taxed, harm-reducing products, Maine retailers stand to gain from increased sales and a more competitive marketplace. This legislation will enhance economic opportunities for small businesses and reduce the likelihood of black-market activity that arises when legal tobacco and nicotine products are excessively taxed.

### **Alignment with Best Practices in Public Health Policy**

Numerous jurisdictions have recognized the public health benefits of differential taxation for nicotine products. For example, the United Kingdom has implemented policies that differentiate between combustible cigarettes and lower-risk nicotine alternatives, leading to a marked decline in smoking rates. Maine should follow this evidence-based approach by removing tax burdens on reduced-risk nicotine products, thereby reinforcing harm-reduction strategies that prioritize public health over punitive taxation.

### **Conclusion**

LD 278 is a pragmatic, science-based policy that encourages harm reduction, promotes economic fairness, and aligns Maine's tax framework with best practices in public health. By eliminating the tobacco products tax on certain nicotine-containing products, this legislation will create incentives for individuals to transition away from the most harmful forms of nicotine consumption, while also easing financial burdens on consumers and retailers.

For these reasons, the Maine Policy Institute strongly urges the committee to support LD 278. Thank you for your time and consideration.