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CIGAR BILL fact sheet



MARCH 2013

REQUEST

Oppose the Traditional and Premium Cigar Manufacturer and Small Business Preservation Act (H.R. 792)

BACKGROUND

Legislation (H.R. 792) has been introduced that would exempt large and premium cigars from any regulation by the Food and Drug Administration. The legislation defines traditional large and premium cigars as those that 1) are wrapped in 100 percent leaf tobacco and 100 percent tobacco filler 2) contains no filter, tip or non tobacco mouthpiece 3) weighs more than 6 pounds per 1000 count and;

- a) has 100 percent leaf tobacco binder and is hand rolled; or
- b) has a 100 percent leaf tobacco binder and uses human hands to lay leaf tobacco wrapper into one machine that bunches, wraps and caps each individual cigar; or
- c) has a homogenized tobacco leaf binder and is made in the US and uses human hands to lay 100 percent leaf tobacco wrapper into on machine that bunches, wraps and caps each individual cigar.

REASONS WHY YOU SHOULD OPPOSE THIS LEGISLATION

Candy and Fruit Flavors Still Allowed – The legislation continues to permit the cigar industry to sell products with fruit and candy flavorings to appeal to kids – with no ability for the FDA to stop them.

Machine Made Cigars Still Exempted – Supporters of the bill invoke the image of a hand-rolled cigar. But the bill exemption extends to machine made cigars. Machine made cigars can be produced at high volume and low price, low enough for children to afford them. This is particularly insightful, as it shows that this bill isn't just about the so-called premium, hand-rolled cigars – it's much more than that.

Establishes a Loophole for the Industry to Exploit – The tobacco industry has a long history of manipulating their products to make them meet whatever legislative or regulatory loophole that may exist. Most recently, to avoid the Congressionally mandated ban on candy and fruit flavored cigarettes, the tobacco industry turned the cigarettes into cigars. The bill would create a new manufacturing definition loophole for industry to exploit.

All tobacco products are addictive and deadly. Cigars, regardless of how they are manufactured, are no exception. According to the U.S. Surgeon General and the National Cancer Institute, cigar smoking causes cancer of the oral cavity, larynx, esophagus and lung, as well as chronic obstructive pulmonary disease (COPD) and heart disease. The primary cause of lung cancer in the U.S. is tobacco use. Today, lung cancer is the leading cancer killer for both men and women. Cigar smoke contributes to this alarming trend.

The bill would prevent FDA from doing its job. In 2009, Congress passed the Family Smoking Prevention and Tobacco Control Act that gave the Food and Drug Administration (FDA) full authority to regulate all tobacco products. To date, FDA has only exercised this authority to regulate cigarettes. In April, the Food and Drug Administration is expected to propose rules that would regulate cigars and other tobacco products. Cigar manufacturers are claiming the rules will put them out of business – even before they know what is in the proposed rule. Congress should allow FDA to move forward with proposed rule before taking any legislative action to prevent FDA authority.





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continued from page 1

REQUEST

Support the Tobacco Tax Equity Act (S.194) to equalize federal excise taxes on tobacco products.

BACKGROUND

In 2009 Congress passed the Children’s Health Insurance Program Reauthorization Act which increased the federal excise tax on cigarettes and placed a tax on small cigars and roll your own tobacco at equivalent rates. However, other forms of tobacco, large cigars, pipe tobacco, and smokeless tobacco were not addressed in the legislation and are taxed at much lower rates.

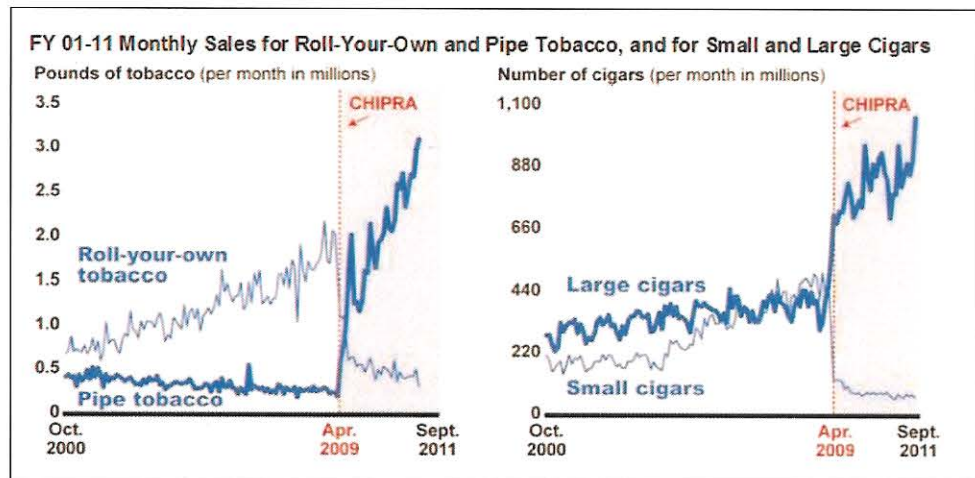
NEGATIVE EFFECTS OF TOBACCO TAX DISPARITY

The tax disparities between cigarettes, small cigar and roll your own tobacco versus large cigars, pipe and smokeless tobacco has led to shifts in consumer behavior that reduce the positive public health effects of the federal tax increase on cigarettes, small cigars and roll your own tobacco.

TAXES REDUCE TOBACCO USE

Research has shown that for every 10% increase in the cost of cigarettes there is a 3-5% decrease in cigarette consumption. Increasing the cost of cigarettes reduces both the prevalence of smoking and also the average number of cigarettes each smoker uses. Furthermore, children and teenagers are two to three times more likely to reduce smoking in response to a price increase than are adults (1).

States that increased tobacco taxes by at least 50 cents in the years 2006-2010 saw a decline both in pack sales and an increase in state revenue (2). Those states with low tobacco taxes (3) (and therefore low prices) have the highest smoking prevalence rates (4)



Source: GAO Study: Tobacco Taxes, April 2012

TOBACCO TAXES RAISE FEDERAL REVENUE

The Tobacco Tax Equity Act equalized federal excise taxes on all tobacco products equivalent to the current tax on cigarettes. In enacted, the Joint Tax Committee estimates this legislation will raise \$3.6 billion in new federal revenue over 10 years.

1. Chaloupka FJ, Straif K, Leon ME. International Agency for Research on Cancer Working Group. Effectiveness of tax and price policies in tobacco control. *Tobacco Control* 2011;20:235–8.
2. Campaign for Tobacco Free-Kids (TFK) Factsheet, Raising Cigarette Taxes Always Increases State Revenues (And Always Reduces Smoking.) Washington, DC: Campaign For Tobacco-Free Kids [cited 2013 Jan]
3. American Lung Association. State of Tobacco Control, 2013. Washington, DC: American Lung Association [cited 2013 Jan 24] <http://www.stateoftobaccocontrol.org/sotc-2013-report.pdf>
4. CDC. State-Specific Prevalence of Cigarette Smoking and Smokeless Tobacco Use Among Adults – United States, 2009. Atlanta, GA: MMWR 2010; 59:1400-1406