



CLOSE THE LITTLE CIGAR LOOPHOLE

TO: Members, Joint Committee on Finance

FROM: American Cancer Society Cancer Action Network
 American Family Children's Hospital
 American Heart Association
 American Lung Association
 Anthem
 Ascension
 Campaign for Tobacco-Free Kids
 Children's Health Alliance of Wisconsin
 Children's Hospital of Wisconsin
 Gunderson Health System
 Humana
 Marshfield Clinic Health System
 Medical College of Wisconsin
 Sixteenth Street Community Health Centers
 SSM Health
 UW Health
 Wisconsin Allergy Society
 Wisconsin Association of Local Health Departments and Boards
 Wisconsin Asthma Coalition
 Wisconsin Chapter of the American Academy of Pediatrics
 Wisconsin Medical Society
 Wisconsin Nurses Association
 Wisconsin Primary Health Care Association
 Wisconsin Public Health Association
 Wisconsin Society of Respiratory Care

DATE: May 12, 2017



As you continue your deliberations on Wisconsin's biennial budget, we urge you to preserve the provision in the Assembly GOP tax and transportation package that closes a loophole in current law which allows cigarette-like little cigars to be taxed less than cigarettes.

The little cigars impacted by this proposal are nearly identical in size and shape to cigarettes, are sold in cigarette-like packs of 20, and have a filter like a cigarette. While little cigars are nearly identical to cigarettes, because they are wrapped in brown paper containing some tobacco they are taxed as a percentage of their wholesale price rather than on a per-pack basis. This tax loophole means a pack of 20 little cigars may be taxed as low as \$0.78 per pack, depending on its wholesale price, while a pack of 20 cigarettes is taxed at \$2.52 per pack. Because of lower taxes, little cigars cost much less than cigarettes making them more appealing to youth.

Cigars and little cigars are not safe alternatives to cigarettes, as they contain many of the same cancer-causing substances as cigarettes and other tobacco products. Unfortunately, because of the current tax loophole and the wide variety of little cigars with candy and fruit flavors, sales are increasing and use by youth is rising. In 2013, over 30% of 12th grade boys in Wisconsin reporting smoking cigars, little cigars and cigarillos.

The proposed language in the Assembly GOP package led by Representative Kooyenga is a common-sense solution that simply requires little cigars to be taxed at the same rate as cigarettes. We urge your support of this proposal.