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## **Study identifies effects of taxation on tobacco products among young adults**

- **Increased taxation of electronic nicotine delivery systems (such as vape pens and e-cigarettes) leads to a reduction in their use but an increase in use of traditional tobacco products**
- **Prior research tends to either focus on youths or adults, but fails to analyze the impact of these policies on liminal age groups, such as young adults (18-25 years)**
- **Tax policy must take into account the dual but conflicting goals of harm reduction among adult users, and use prevention among younger users to achieve public health aims**

Since electronic nicotine delivery systems (ENDS) such as e-cigarettes and vape pens surged among young adults in the 2010s there has been widespread fear that it will induce nicotine dependence instead of promote harm reduction as initially intended. In particular, their use among young adults (18-25) has not been well analyzed. In many studies this age group is often lumped in with older or younger users, despite this being a distinct and critical period for brain development, increased engagement with risky behaviors, and a greater propensity for developing habitual tobacco and nicotine use. Associate Professor Abigail Friedman at the Yale School of Public Health and Associate Professor Michael Pesko at Georgia State University and the Institute of Labor Economics have recently published a paper to investigate the impact of taxes on these and traditional tobacco products on usage behaviors among this group with the help of grant funding from the Institute for the Study of Free Enterprise.

The pair studied the effect on cigarette and ENDS taxes on usage of both types of nicotine products, finding that increased cigarette taxes reduced cigarette use but resulted in a substitution towards use of ENDS products, while increased ENDS taxes reduced ENDS use but resulted in a substitution towards use of cigarettes. When analyzing a sample of individuals 18-25 years old and comparing results to a sample of individuals 18-40 years old, the size of the effects estimated for the young adults were roughly three times larger, underscoring the power of tax policy in changing behavior as well as the habit-forming preference for different nicotine delivery systems for young adults.

Speaking about their findings, the authors note “our findings suggest a need for nuance in ENDS policymaking. Specifically, while higher ENDS taxes risk incentivizing young adult smoking, this can perhaps be offset with a sufficiently large cigarette tax increase. Similarly, cigarette tax increases alone may increase ENDS use in this age-group, which is not necessarily a bad outcome if that increase stems from people who would otherwise smoke.”