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FDA Publishes Very Low Nicotine Cigarette Content Proposed Rule
Next Step: Public Comment Period on Proposed Rule

In the remaining days of the Biden Administration, the FDA has published a proposed rule that would establish a maximum nicotine level the product standard will set a maximum nicotine level of 0.7mg nicotine/gram and will apply to cigarettes (other than non-combusted cigarettes, such as heated tobacco products), cigarette tobacco, roll-your-own tobacco, cigars (other than premium cigars), and pipe tobacco (other than waterpipe tobacco). This proposal would have a devastating impact on tobacco retailers.

To propose a new regulation such as this one, a federal agency is required to follow a multi-year, nine-step process that involves identifying the need for a new regulation, drafting the regulation, having the White House Office of Management and Budget review the proposed regulation under applicable executive orders, publishing the proposed regulation for public comment, reviewing all public comments, making any changes deemed necessary to the regulation, obtaining final White House Office of Management and Budget approval, and publishing the final regulation with an effective date. With the publication of the proposed rule, the FDA is currently on the fifth step of this nine-step process.

The next step in the regulatory process is the public comment period, which will be open for 240 days. NATO encourages all NATO members to file comments on the negative economic impact and unintended consequences of this proposal.

NATO intends to file comments to the federal docket and highlight findings from a study NATO commissioned and was compiled by Chmura Economics and Analytics that shows the significant negative economic impact of the proposed FDA rule limiting nicotine content of cigarettes and other combusted tobacco products. The study measures the substantial economic impact on retail sales (tobacco products and ancillary sales), federal excise tax, state and local excise tax and sales tax revenue, jobs, and Master Settlement Agreement payments to the states. The report also details how every single state will be negatively impacted by the proposed FDA rule.

On a national level, the economic impact is calculated to be the following (Chart continued on next page):

Category Impact	Economic Impact
Annual Retail Sales	\$13.9 Billion Dollar Loss

Federal Tax Revenue	\$8.0 Billion Dollar Decline
State and Local Tax Revenue	\$16.0 Billion Dollar Decrease
Jobs	154,478 Jobs Lost
National Economy Per Year	\$30.6 Billion Dollar Loss

This economic impact report can be found on NATO's website at the following link:

[NATO: Legislative - Cigarette Nicotine Limits Economic Impact Study](#)