



MEMORANDUM OF SUPPORT
New York State Public Health Association

Increase the Tobacco Excise Tax and
Increase Funding to the Tobacco Control Program

While we continue to battle the COVID-19 pandemic, public health is at the forefront of every New Yorker's mind. With the World Health Organization stating smokers are likely more vulnerable to severe and potentially life-threatening cases of COVID-19, it is imperative that New York's enacted budget take aggressive action to curtail tobacco use.

At this critical moment, we must do everything in our power to keep our communities healthy and safe. People who smoke or who used to smoke are at increased risk for severe illness from COVID-19. Smoking is a proven risk factor for cancer, chronic obstructive pulmonary disease (COPD) and heart disease, which put people at increased risk for severe illness from COVID-19.

Despite the well-documented benefits of tobacco tax increases, New York has not increased most tobacco taxes in over a decade. Tobacco tax increases are a win-win-win; they improve public health, reduce healthcare costs, and generate revenue. As such, we respectfully request a cigarette tax increase of at least \$1.00 per pack and the establishment of tax parity with other tobacco products be included in the one house budget proposals and the state's final enacted budget.

New York's Tobacco Burden

There is no better time to act. Once at the forefront of cigarette taxes in the nation, New York's cigarette tax is now surpassed by the District of Columbia, Puerto Rico, and numerous other municipalities across the country. Consider these facts:

- An estimated 22,290 deaths every year are attributed to smoking in New York.
- Approximately 12% of New York adults are still smoking.
- Lung cancer is the leading cause of cancer death in both men and women in New York.
- While the smoking rate among high school students is down to 2.4%, more than one in four high school students (25.6%) use some form of tobacco product.
- Disparities in smoking rates persist, most notably by race, mental health, income, and education, thanks in part to Big Tobacco's targeted marketing and advertising in these communities.

Public Health Benefits

A significant increase in tobacco taxes will have a positive impact on the number of people who smoke, especially youth who are price sensitive. The projected health benefits of increasing the cigarette tax by \$1.00 per pack in New York include¹:

- Youth under age 18 kept from becoming adult smokers: 22,200
- Reduction in young adult (18-24 years old) smokers: 4,800
- Current adult smokers who would quit: 53,900
- Premature smoking-caused deaths prevented: 20,000
- 5-Year reduction in the number of smoking-affected pregnancies and births: 5,100

Reduced health care costs

In addition to the public health benefits, a tobacco tax is essential to help make a dent in the \$9.7 billion New York spends annually on tobacco-related healthcare costs. The projected health care savings of increasing the cigarette tax by \$1.00 per pack in New York include:

- 5-Year health care cost savings from fewer smoking-caused lung cancer cases: \$10.81 million
- 5-Year health care cost savings from fewer smoking-affected pregnancies & births: \$13.96 million
- 5-Year health care cost savings from fewer smoking-caused heart attacks & strokes: \$23.59 million
- 5-Year Medicaid program savings for the state: \$61.90 million.²

Increased Revenue

Increasing tobacco taxes saves on long-term healthcare expenditures and will also generate new revenue for New York. More importantly, youth have been shown to be very sensitive to tobacco price increases. It is estimated that a \$1 per pack tax increase would result in 22,200 youth under age 18 not becoming adult smokers, decreasing future healthcare expenditures due to smoking. Raising state tax rates on OTPs, including e-cigarettes, to parallel the increased cigarette tax rate will bring the state additional revenue, public health benefits, and cost savings (and promote tax equity). With unequal rates, the state loses revenue each time a cigarette smoker switches to other tobacco products taxed at a lower rate.

Although the state receives \$2.63 billion in tobacco-related dollars annually (\$1.63 billion in tobacco excise taxes and \$737.7 million in Master Settlement Agreement funds), it only spends \$39 million (1.6%) on the Tobacco Control Program, which helps smokers quit and counters Big Tobacco messaging to keep kids from starting. This funding level is a 54% decrease from the Program's peak funding level of \$85 million in the 1990s. NYSPHA recommends increasing the Program's funding to \$52 million as a

down payment on eventual increases required to meet the CDC-recommended funding level of \$203 million. An increase in the tobacco excise tax would add more than enough funds for this increase with funds left over for other critical public health programs.

At this critical moment with people focused on protecting their respiratory health, we must do everything in our power to keep our communities healthy and safe—which means investing and maintaining our commitment to a strong public health infrastructure including comprehensive tobacco control measures. The current pandemic is still unpredictable and poses a significant threat to smokers. Even after this pandemic lessens, respiratory diseases like COVID and influenza will continue to be present. And new pandemics in the future are no longer hypothetical. Long after this pandemic passes, people deserve to live full, healthy lives free from the ills of tobacco use and to be in the best position possible to ward off future threats to their health.

Email Advocacy@nyspha.org for further information

References.

¹ Projected numbers of youth prevented from smoking and dying are based on all youth ages 17 and under alive today. Projected reduction in young adult smokers refers to young adults ages 18-24 who would not start smoking or would quit as a result of the tax increase.

² Savings to state Medicaid programs include estimated changes in enrollment resulting from federal laws in effect as of January 1, 2020 and state decisions regarding Medicaid expansion. Long-term cost savings accrue over the lifetimes of persons who stop smoking or never start because of the tax rate increase. All cost savings are in 2020 dollars. The state Medicaid cost savings projections, when available, are based on enrollment and cost estimates by Matt Broaddus at the Center on Budget and Policy Priorities using data from the Centers for Medicare and Medicaid Services

³ Projections are based on research findings that nationally, each 10% increase in the retail price of cigarettes reduces youth smoking by 6.5%, young adult prevalence by 3.25%, adult prevalence by 2%, and total cigarette consumption by about 4% (adjusted down to account for tax evasion effects.). The projections were generated using an economic model developed jointly by the Campaign for Tobacco-Free Kids and the American Cancer Society Cancer Action Network and are updated annually. The projections are based on economic modeling by researchers with Tobacconomics: Frank Chaloupka, Ph.D., and John Tauras, Ph.D., at the Institute for Health Research and Policy at the University of Illinois at Chicago, and Jidong Huang, Ph.D., and Michael Pesko, Ph.D., at Georgia State University. The projections also incorporate the effect of ongoing background smoking declines, population distribution, and the continued impact of any recent state cigarette tax increases or other changes in cigarette tax policies on prices, smoking levels, and pack sales. These projections are fiscally conservative because they include a generous adjustment for lost state pack sales (and lower net new revenues) from possible new smuggling and tax evasion after the rate increase and from fewer sales to

smokers or smugglers from other states, including sales on tribal lands. For ways that the state can protect and increase its tobacco tax revenues and prevent and reduce contraband trafficking and other tobacco tax evasion, see the Campaign for Tobacco-Free Kids (CTFK) factsheet, State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion, <https://www.tobaccofreekids.org/assets/factsheets/0274.pdf>.