

Testimony in support of HB 2315 - cigarette and tobacco tax increases
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Chairman Johnson and members of the Committee:

The American Cancer Society Action Network (ACS CAN) appreciates the opportunity to comment on possible increases in the excise tax on cigarettes and other tobacco products. ACS CAN, the nonprofit, nonpartisan advocacy affiliate of the American Cancer Society, supports evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem. As the nation's leading advocate for public policies that are helping to defeat cancer, ACS CAN ensures that cancer patients, survivors, and their families have a voice in public policy matters at all levels of government.

As tobacco remains the number one preventable cause of cancer incidence and death, ACS CAN supports significant tobacco tax increases. Significantly raising the price of tobacco decreases the number of youth who start smoking, increases the number of smokers who quit, cuts health care costs, and reduces deaths from lung and other cancers, heart attacks, strokes and other preventable diseases. For this reason, ACS CAN supports the cigarette and tobacco tax increases in SB 175.

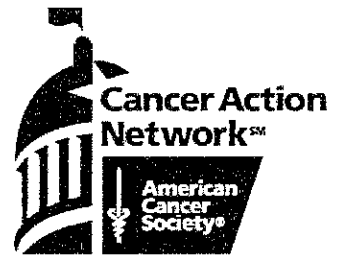
A proposal that makes dollars and sense.

While Governor Brownback's proposed \$1.00 per pack increase in the cigarette tax and increase in the tax on other tobacco products (OTP) will reduce smoking and tobacco related illnesses, there is an opportunity for even greater health benefits and additional revenue. **ACS CAN and other health organizations endorse a \$1.50 per pack increase in the cigarette tax with parity for OTP**, at 65% of the wholesale price.

This proposal not only brings in dollars to help address the state's budget shortfall, but will have makes sense with substantial health benefits for Kansans of all ages. The tax on OTP, such as cigars and smokeless tobacco, has not changed since 1972. The tax rate on these products needs to be brought in line with the tax rates on cigarettes, otherwise we will continue to incentivize kids to use these products, many of them marketed with flavors that attract young users to a lifetime of tobacco addiction. The governor's proposed increase for other tobacco products to 20% of wholesale price is far below the increase needed to successfully curb the use of all dangerous tobacco products. In order to achieve parity with the proposed \$1.00 per pack increase in SB 175, the tax on OTP should be 53% of wholesale.

Significant tobacco taxes generate significant increases in state revenue – despite reduced smoking rates.

A \$1.50 increase per pack of cigarettes would bring in more than \$80.86 million a year in new, additional revenue, and a comparable tax on other tobacco products would bring in \$30.30 million a year. These projections are conservative and take into account reduced smoking and tax avoidance. The recent tobacco tax increase in Kansas shows tobacco taxes are a predictable source of revenue and that most smokers will continue to buy tobacco products in the state.



This tax prevents future health care costs.

Each year, Kansas spends more than \$1.1 billion on smoking-related health-care costs – \$237.4 million coming directly from taxpayers for the state Medicaid program. And that doesn't include health care costs caused by exposure to secondhand smoke, smoking-caused fires, smokeless tobacco use, or cigar and pipe smoking.

Each Kansas household – whether they use tobacco or not – pays \$779 annually to cover the government-paid expenditures caused by smoking. Tobacco use also imposes additional costs such as workplace productivity losses and damage to property.

This tax saves lives.

A \$1.50 tobacco tax increase will *prevent 10,200 premature smoking-caused deaths.* Additionally, this tax will *prevent 16,200 Kansas youth from ever becoming adult smokers and prompt 20,000 adults to quit.*

The A&M Efficiency Study highlighted the need for Kansas to improve healthy birth outcomes. This tax will *prevent 3,500 pregnancies and births from being affected by smoking* – leading to healthier babies and reduced state costs associated with health care and education.

Invest in tobacco prevention and cessation.

This proposal will bring in more than \$111 million a year that should be used to pay for health investments, such as KanCare and tobacco use prevention and cessation. We're asking lawmakers to set aside \$5 million – or mere pennies of the increase on each pack – to boost funding for the state tobacco prevention and cessation program to break the cycle of tobacco addiction for future generations of Kansans. This will move our state one important step closer to the U.S. Centers for Disease Control and Prevention's recommended funding level for effective tobacco control in Kansas of \$32 million per year. By contrast, the tobacco industry currently incentivizes current and future tobacco use in our state with an estimated \$83 million in marketing and related promotions annually.

Increasing tobacco excise taxes is an evidence-based policy approach to accomplishing the critical public health goals of reducing the number of current and future smokers. Cigarette tax increases on the order of this proposed \$1.50 per pack measure are also a powerful economic tool, directly producing sustained increases in state tax revenues and resulting in large savings in health care costs if the amount of the tax increase is high enough.

A cigarette tax increase of \$1.50 per pack – with comparable tax on other tobacco products – will improve the health of Kansans while providing a predictable, ongoing source of revenue for state investments in health.