

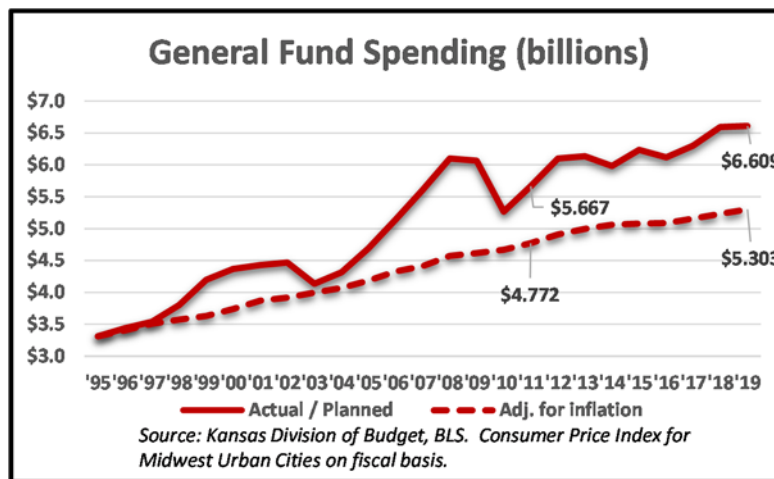


Chairman Johnson and Members of the Committee,

We appreciate this opportunity to submit written testimony in opposition to HB 2231, which increases taxes on tobacco products.

To start, an increase in taxes takes more money from citizens to fund government. No tax increases are necessary, as Kansas does not have a revenue problem; it has a very large spending problem. One need look no further than the legislature’s own budget projections to see spending continuing to increase to record levels. And, this spending far outpaces the rate of inflation.

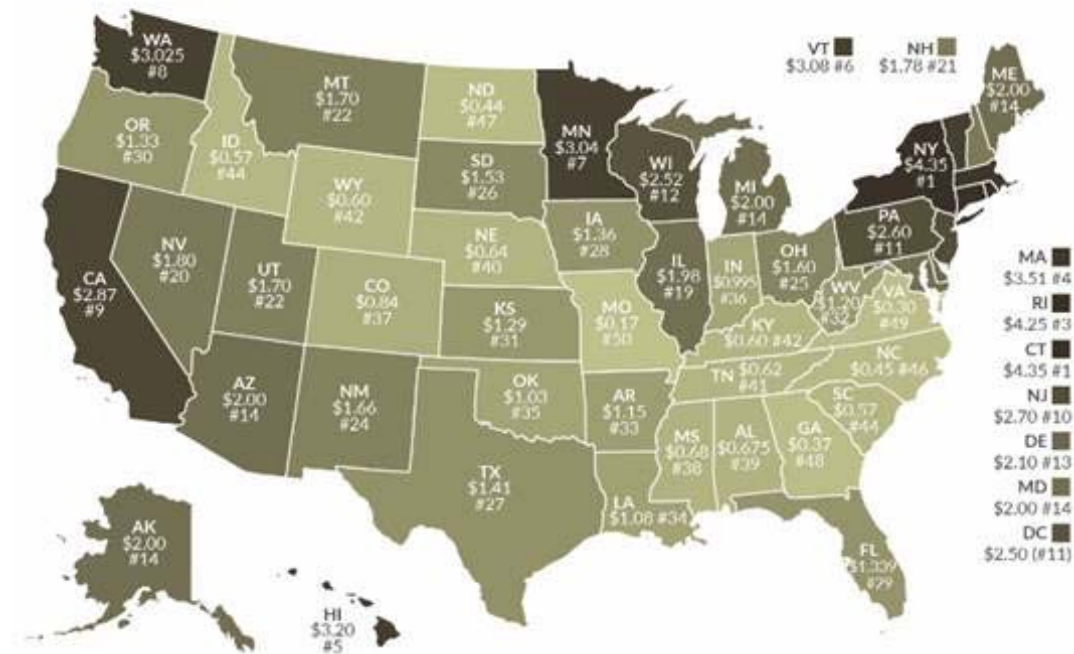
The chart below makes this clear: General Fund spending 1995 through 2016 from Schedule 2.2 of Governor's Budget Reports FY 2017 through FY 2019 from Division of Budget July Comparison Report. Inflation is the Consumer Price Index for Midwest Urban Cities on a fiscal year basis. FY 2017 spending would have been \$1.1 billion less if just increased for inflation since 1995. FY 2019 spending would be \$1.3 billion less.



Specifically on tobacco taxes, assumed health benefits of smoking cessation is not supported by the data when it comes to low income households. A study of New York state smokers showed, “those with household incomes less than \$25,000 had no statistically significant decline in smoking.”ⁱ That same study found cigarette taxes disproportionately impact low income families; nationally, low-income smokers spend 14 percent of their income on cigarettes whereas high income families spend just 2 percent.

Finally, the proposed tax increase will encourage more purchases to be made across state lines. The map below from The Tax Foundation shows Kansas already has the highest cigarette tax among neighboring states. Increasing the tax to \$2.79 per pack would make a 10-pack carton \$26.20 cheaper in Missouri; smokers would save \$21.50 in Nebraska, \$19.50 in Colorado and \$17.60 per carton in Oklahoma. While tobacco is increasingly a social taboo, tax rate hikes in Kansas will certainly harm Kansas business owners, especially business owners in border counties.

State Cigarette Excise Tax Rates, 2018 (dollars per 20-pack)



For these reasons, we encourage the Committee to reject HB 2231 and thank Members for your consideration.

ⁱ <https://www.rti.org/news/high-cigarette-taxes-disproportionately-burden-low-income-families>