

American Cancer Society Cancer Action Network

American Diabetes Association

American Heart Association/American Stroke Association

American Lung Association

American Nurses Association - New York

Boys & Girls Clubs of the Capital Area

Campaign for Tobacco-Free Kids

Columbia University Herbert Irving Comprehensive Cancer Center

Community Health Care Association of New York State

Lupus and Allied Diseases Association, Inc.

Medical Society of the State of New York

Memorial Sloan Kettering Cancer Center

Mental Health Association in New York State

NAACP, NYS Conference

NAMI – NYS

New York Public Interest Research Group

NYS Academy of Family Physicians

NYS American Academy of Pediatrics, Chapters 1, 2 & 3

New York State Association of County Health Officials

New York State Association for Rural Health

New York Oncology Hematology

New York State Osteopathic Medical Society

New York State PTA

New York State Public Health Association

Parents Against Vaping e-cigarettes

Roswell Park Comprehensive Cancer Center

University of Rochester Medical Center

Weill Cornell Medicine Sandra and Edward Meyer Cancer Center

March 4, 2021

The Honorable Andrea Stewart-Cousins
President Pro Tempore and Majority Leader
New York State Senate
Albany, NY 12248

Dear Senate Leader Stewart-Cousins,

As public health and leading civic organizations across the state, we would like to thank you for your leadership and commitment to New Yorkers during this unprecedented time. 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 your one house budget proposal and the state's final 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 12.8% of New York adults are still smoking.
- Lung cancer is the leading cause of cancer death in both men and women in New York.

- After years of downward trends in New York, the smoking rate among high school students increased from 4.3% to 4.8%.
- 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 as we face a significant budget deficit. For New York, an increase in the cigarette tax by \$1.00 per pack is estimated to generate **\$38.87 million in new annual state revenue**.³ In addition, this projection does not account for the additional revenue raised from an increase in taxes on other tobacco products (OTPs). Raising state tax rates on OTPs, including e-cigarettes, to parallel the increased cigarette tax rate will bring

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>.

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.

New York cannot afford to cut public health programs during a pandemic

Tobacco tax increases produce reliable sources of new revenue that must be used to fund our state's public health programs, most notably the state's tobacco control program which helps smokers quit and counters Big Tobacco messaging to keep kids from starting. 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. Long after the pandemic passes, people deserve to live full, healthy lives free from the ills of tobacco use.

Thank you for being a continued champion of public health. We would be happy to discuss the benefits of tobacco taxes with you and your staff.

Sincerely,

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Cc: Senator Liz Krueger, Chair, Finance Committee
Senator Gustavo Rivera, Chair, Health Committee
Senator Brian Benjamin, Chair, Revenue and Budget Committee