



KANSAS ACADEMY OF
FAMILY PHYSICIANS
CARING FOR KANSANS

Testimony: HB2315 – Cigarette & Tobacco Tax Increase
House Taxation Committee

February 14, 2017

By: Carolyn Gaughan, CAE, Executive Vice President
(Written only)

Chairman Johnson & members of the Committee:

Thank you for the opportunity to present testimony **supporting** the proposed cigarette and other tobacco products tax increases in **HB2315**, on behalf of the Kansas Academy of Family Physicians (KAFP). Our organization represents over 1,660 active, resident, student and life members across the state. The mission of KAFP is to promote access to, and excellence in, health care for all Kansans through education and advocacy for family physicians and their patients. Quality health care and health outcomes for our patients guide our public policy work. As family physicians, we see people of all ages, both men and women, and we work with almost every type of ailment and illness that afflict our patients.

While we know there is a budget issue involved and recognize that an increased tax would help with the budget, we primarily view this as a public health issue. For that reason, KAFP **recommends a cigarette tax increase of \$1.50 per pack** and tax parity for other tobacco products. Among the sickest people our physicians see in their clinics are those who have damaged their bodies by using tobacco products. The reasons for our support and recommendations include:

Higher Tobacco Taxes = Reduced Use by Kansans, Particularly Youth

Increased tobacco taxes (in conjunction with adequate funding for local and state tobacco control programs) will substantially reduce tobacco use in Kansas. Based on a comprehensive review of evidence, the Surgeon General has called raising prices on cigarettes “one of the most effective tobacco control interventions” because increasing price is proven to reduce smoking, especially among youth.

- Over 16,000 Kansas high school students (10.2%) reported smoking in 2015; and each year, 1600 Kansas kids become daily smokers.ⁱⁱ
- Higher taxes on smokeless tobacco reduce its use, particularly among young males; and increasing prices on other tobacco products reduces adult and youth use.ⁱⁱⁱ
- Raising the price of cigarettes and other tobacco products significantly reduces use among pregnant women, Blacks, Hispanics, and lower-income smokers.^{iv}

Higher Tobacco Taxes will Generate Revenue for Our State

Regular and significant tobacco tax increases are a powerful economic tool.

- Increasing the cigarette tax by \$1.50 in Kansas will generate \$80.86 million in annual revenue for SFY18.^v

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- Furthermore, Kansas is missing out on ample opportunities for increased revenue by not increasing the tax on other tobacco products (cigars, smokeless tobacco, electronic cigarettes) since 1972. By aligning our state's tobacco taxes at a comparable rate, an additional \$30.30 million is estimated to be generated each year^v.
- Gradual reductions in cigarette smoking and other tobacco use in the years after tax increases produce slow declines in state tobacco tax revenues in the absence of tax increases^{vi}.

Higher Tobacco Taxes = Health Cost Savings for Kansans

Tobacco-related illness costs Kansas an estimated \$1.12 billion in annual health care expenditures, which equates to a taxpayer burden of \$779/householdⁱⁱ.

- Small tax increases do not produce significant public health benefits or cost savings because tobacco companies can easily offset the beneficial impact with temporary price cuts, coupons, and other promotional discounting^{vii}.
- In addition to tax increases, reductions in public and private spending on health care to treat tobacco-related diseases will help offset declines in revenue due to reduced tobacco use^{iv}.
- When smoking rates decline among pregnant women and lower income smokers, costs to state Medicaid programs subsequently decline, which currently amounts to \$237.4 million each year^{iv}.
- Decreasing smoking rates among workers will also decrease public and private sector employee healthcare costs^{iv}.

In summary, increasing the tax on cigarettes and other tobacco products is a *proven* way to help current smokers quit, prevent children from ever becoming addicted, save the state money and create much needed revenue. This policy change will move the dial to decrease tobacco use. This is a *good* outcome as the overall health of Kansans increases, KanCare costs decrease, health related business losses decrease, and the state revenues increase.

Thank you again for the opportunity to provide testimony in support of the increased cigarette and other tobacco tax increases in HB2315. Please let me know if you have any questions.

i Kids, Campaign for Tobacco Free. January 18, 2017. "Raising Cigarette Taxes Reduces Smoking, Especially Among Youth (and Cigarette Companies Know It)." <https://www.tobaccofreekids.org/research/factsheets/pdf/0146.pdf>.

ii Campaign for Tobacco Free Kids. November 2016. "Toll of Tobacco in Kansas." https://www.tobaccofreekids.org/facts_issues/toll_us/kansas.

iii Ringel, J., Wasserman, J., Andreyava, T. 2005. "Effects of Public Policy on Adolescents' Cigar Use: Evidence from the National Youth Tobacco Survey." (American Journal of Public Health) 95 (6): 995-8.

iv Bach, L. January 12, 2017. *Raising Tobacco Taxes: A Win-Win-Win*. Campaign for Tobacco Free Kids

v Campaign for Tobacco Free Kids, American Cancer Society - Cancer Action Network. 2017. "New Revenues, Public Health Benefits, and Cost Savings from a \$1.50 Cigarette Tax Increase in Kansas."

vi Chaloupka, F., Huang, J. March 15, 2015. "A Significant Cigarette Tax Rate Increase in Kansas Would Produce a Large, Sustained Increase in State Tobacco Tax Revenues." https://tobaccoeconomics.org/wp-content/uploads/2015/03/Chaloupka_KansasReport_2-28-15.pdf.

vii Campaign for Tobacco Free Kids, American Cancer Society - Cancer Action Network. 2017. "New Revenues, Public Health Benefits, and Cost Savings from a \$1.50 Cigarette Tax Increase in Kansas."