



TOBACCO FREE KANSAS COALITION

February 19, 2015

Written Testimony in Support of

HB 2306: Increasing rates of taxation on cigarettes, tobacco products and alcoholic beverages

House Committee on Taxation

By: Joyce Cussimano, TFKC President

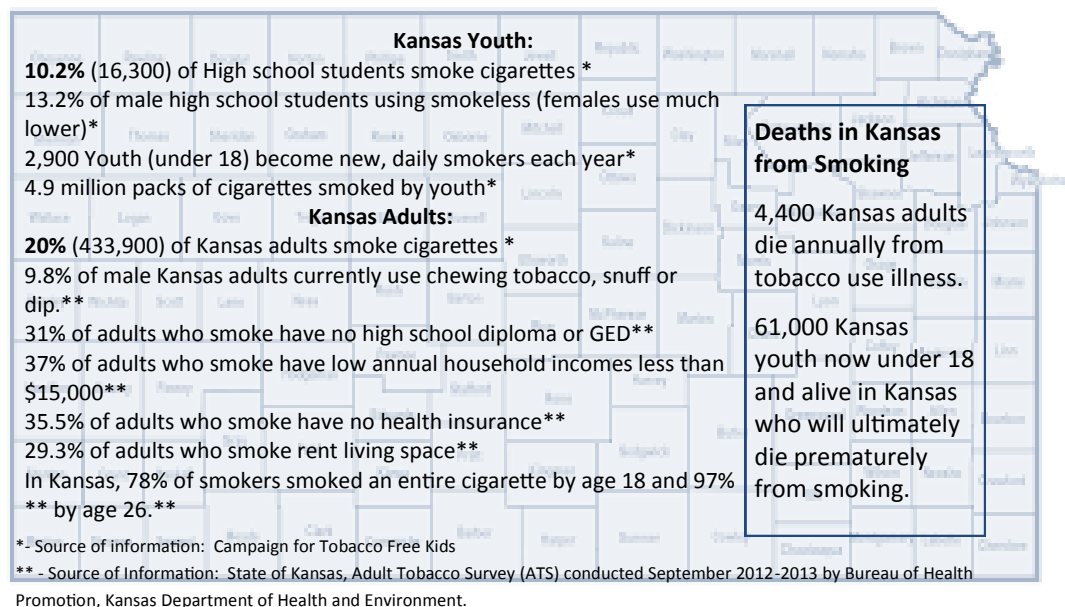
Chairperson Kleebs and Members of the Committee:

Thank you for allowing me to present information for nearly 150 member organizations and individuals with the Tobacco Free Kansas Coalition on the importance of raising tobacco taxes in Kansas.

The Problem: Smoking takes a terrible toll on Kansans. Tobacco use is the single most preventable cause of death in Kansas. Every year more than 4,400 Kansas adults die from diseases that are directly linked to tobacco use. At today's rates, 61,000 children who currently smoke will perish due to tobacco use. For every Kansans that ultimately dies from tobacco use, there are 20 more suffering from tobacco-related diseases and disability. Here is Kansans by the numbers:

The Solution: Three proven components to reducing tobacco use.

1) Kansas has implement one of these by adopting a statewide clean indoor air law. 2) Kansas has the opportunity to significantly impact the terrible toll of tobacco on Kansans by increasing the tobacco products taxes, which is a proven way to save lives, prevent kids from smoking and significantly reduce health-care costs related to tobacco use. 3) Kansas can apply a portion of the taxes to the CDC model tobacco prevention and cessation programming. Increasing the tax is so critical because it deters kids from every trying tobacco products.



The cost that saves our kids: In the 2013 Surgeon General Report, it states that for each smoker who dies, there are two new, younger replacement smokers. Of the youth under 18 and living in Kansas today, 61,000 will ultimately die prematurely from smoking. That number is staggering. To put it in perspective, it is saying that a Kansas city with the population of Shawnee, KS (Johnson County) disappears from the map! At what cost, Mr Chairman and members of the committee, our youth? We cannot allow this trend to continue. Studies show that for every 10 percent increase in the price of cigarettes reduces youth smoking by about 7 percent and overage cigarette consumption by about 4 percent.

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Taxation is way over due on cigarettes and other tobacco products. The cigarette tax has not been raised since 2002/2003 in Kansas when it was raised to the current \$0.79. The tax on other tobacco products has remained at 10% of the manufacturer's price since 1972—providing more than a 40-year tax break. Increasing the tax rate for these products to be in line with a \$1.50 cigarette tax increase will help cut back on the sale of products that can serve as a gateway to cigarette addiction for youth.

Increased benefit for kids and lower-income smokers and families. It has been reported that smoking levels are highest among people with low incomes, and the tobacco industry argues that cigarette tax increases are regressive taxes that fall disproportionately hard on the lower-income persons. This argument turns reality upside down. Higher smoking rates among lower-income groups means they are now suffering the most from smoking and will, consequently benefit the most from any effective measures to reduce smoking, including increased state tobacco taxes. According to data from the Centers for Disease Control and Prevention (CDC), we know that:

- Low-income smokers are much more likely to quit because of state tobacco tax increases than high-income smokers.
- State tobacco-tax increases shift the overall tobacco-tax burden more toward higher-income smokers. State cigarette tax increases give many current smokers a "tax cut" by switching from premium to cheaper brands.
- State tobacco-tax increases improve the health of low-income smokers and their families and reduce their related costs.

Weighing the fairness and health concerns, it becomes tough being a smoker. The tobacco tax is a user fee. The cry of "foul" from the opposition because they call it a regressive tax...but one is reminded that each Kansas household pays \$576 in state and federal tax annually to cover health care costs of the smokers. Raising the tobacco tax requires smokers to pay a great share of the costs that they incur by using tobacco...Could anything be fairer?

Monetary costs in Kansas.

- \$1.12 billion is spent annually on health care costs in Kansas caused by smoking
- \$196 million is the portion covered by the state Medicaid program
- \$576 per household is the Kansas resident's state and federal tax burden from smoking cause government expenditures
- \$906 million is from smoking-caused productivity losses in Kansas

Amounts do not include health costs caused by exposure to secondhand smoke, smoking-caused fires, smokeless tobacco use, or cigar and pipe smoking. Tobacco use also imposes additional costs such as workplace productivity losses and damage to property.

Tobacco Industry influence in Kansas. \$8.8 billion is the annual tobacco industry market expenditures nationwide. It is estimated that \$70.7 million is spent for Kansas marketing each year.

Kansas cigarette tax below national average (\$1.54). Kansas is ranked 36th nationally in tobacco taxes and last raised its tobacco taxes in 2002/03 and has not raised the other tobacco products taxes since the law's inception in the early 1970's. Minnesota just raised their taxes to \$2.38.

Kansas spending on tobacco use prevention programs. Kansas is 41st in the nation in the amount of funding used for prevention program.



Please consider increasing tobacco price in Kansas. Tobacco Free Kansas Coalition's mission is to eliminate tobacco use among Kansans through advocacy, education and collaboration. Science and experience have identified proven, cost-effective strategies that prevent kids from starting to smoke and help smokers to quit, and protect everyone from secondhand smoke. Increasing pricing of cigarette and tobacco products makes it too expensive for our Kansas youth, and give smokers another incentive to quit. The higher the tax, the more lives saved. Please consider increasing tobacco costs in Kansas. Thank you.

\$154.3 million Tobacco Generated Revenue (FY2014)	\$27.9 million CDC Recommends Spending on Tobacco Prevention	\$946,671 Actual Spending on Tobacco Prevention (FY2014)
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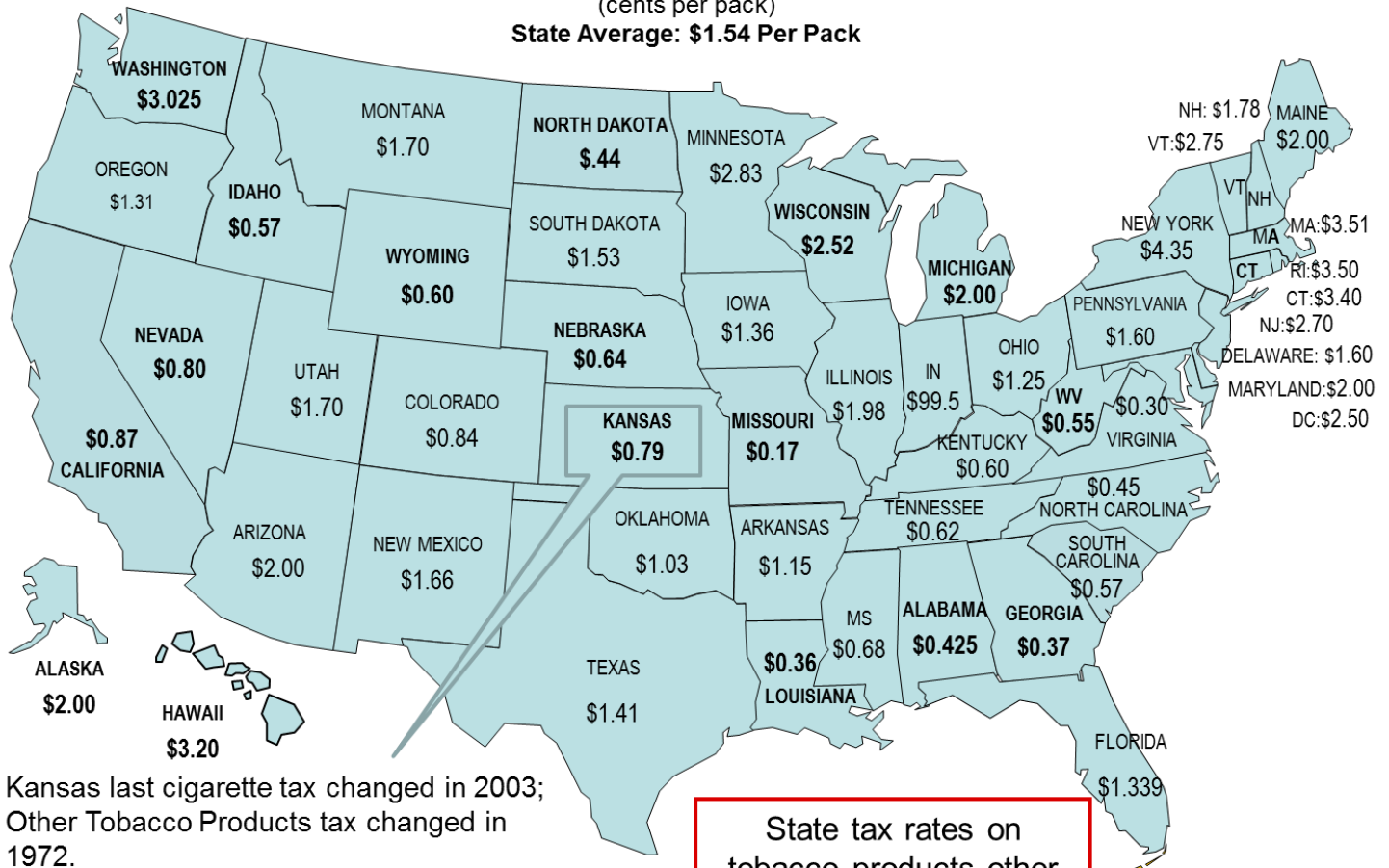


Joyce Cussimano
Tobacco Free Kansas Coalition, President

State Cigarette Tax Rates

(cents per pack)

State Average: \$1.54 Per Pack



Kansas last cigarette tax changed in 2003;
Other Tobacco Products tax changed in 1972.

**States that have not passed tax increases
since 2004 or earlier are bolded**

State tax rates on
tobacco products other
than cigarettes vary
greatly between states.