



KANSAS ACADEMY OF
FAMILY PHYSICIANS
CARING FOR KANSANS

March 24, 2015

To: Senate Assessment & Taxation Committee
From: Carolyn Gaughan, CAE, Executive Director
Re: Testimony on SB 233

Chairman Donovan, Vice Chair Tyson, Sen. Holland & Committee:

Thank you for this opportunity to present testimony on Senate Bill 233, on behalf of the Kansas Academy of Family Physicians (KAFP). Our organization has over 1,630 members across the state, of which more than 1060 are practicing physicians, 125 are resident-physician members, and the others are medical students and retired members. KAFP represents more than 1,640 practicing, resident and medical student members from across this great 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.

KAFP supports the increased tax on cigarettes and tobacco products in SB 233. Here are some of the reasons why:

Higher Tobacco Tax = Lower Tobacco Use

Numerous economic studies in peer-reviewed journals have documented the impact of cigarette tax increases and other price hikes on both adult and underage smoking. The general consensus from these studies is that every 10 percent increase in the real price of cigarettes will reduce the prevalence of adult smoking by approximately three to five percent and reduce teen smoking by about seven percent.¹ Research studies have also found that:

- Cigarette price and tax increases work even more effectively to reduce smoking among males, African Americans, Hispanics, and lower-income smokers.²
- A cigarette tax increase raising prices will significantly reduce smoking among pregnant women, preventing many spontaneous abortions and still-born births, and saving thousands of newborns from suffering from smoking-affected births and related health consequences.³
- Higher taxes on smokeless tobacco reduce its use, particularly among young males; and increasing cigar prices through tax increases reduce adult and youth cigar smoking.⁴
- Cigarette price increases not only reduce youth smoking but also reduce both the number of kids who smoke marijuana and the amount of marijuana consumed by continuing users.⁵

7570 W 21st ST N
Bldg. 1046 Suite C
Wichita KS 67205
316.721.9005
Fax 316.721.9044
kafp@kafponline.org
www.kafponline.org

President

Doug Gruenbacher, MD,
Quinter

President-Elect

Diane Steere, MD, *Wichita*

Vice President

Lynn Fisher, MD, *Plainville*

Secretary

John Feehan, MD,
Olathe

Treasurer

Todd Miller, MD, *Wichita*

Past-Pres./Board Chair

Mary Beth Miller, MD,
St. Francis

AAFP Delegates

Jen Brull, MD, *Plainville*
Terry L. Mills, MD, *Newton*

AAFP Alternate Delegates

Gretchen Dickson, MD,
Wichita
Mike Kennedy, MD,
Kansas City

Directors

Sheryl Beard, MD, *Wichita*
Eric Clarkson, DO, *Pratt*
Kari Clouse, MD, *Augusta*
Debra Doubek, MD, *Manhattan*
Chad Johanning, MD,
Lawrence
Justin Overmiller, MD,
Smith Center
Danelle Perry, MD, *Olathe*
Joe Parra, MD, *Wichita*
Jeremy Presley, MD,
Dodge City
Margaret Smith, MD,
Kansas City

Resident Representative

Amanda Steventon, MD, *Wichita*

Student Representative

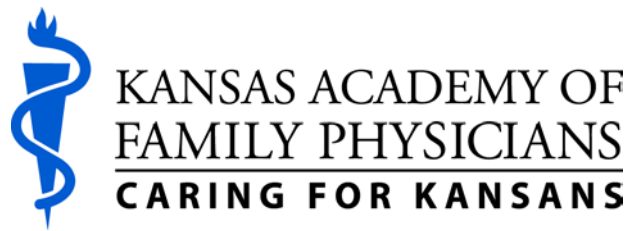
Daniel Nwachokor, *Wichita*

Foundation President

Jen Brull, MD, *Plainville*

Executive Director

Carolyn Gaughan, CAE



State Experiences with Cigarette Tax Increases Shows They Reduce Smoking

For example, the Wisconsin Quit Line received a record-breaking 20,000 calls in the first two months after its \$1.00 per cigarette pack increase (it typically receives 9,000 calls per year).⁶ Likewise, in Texas and Iowa, which each increased their cigarette taxes by \$1.00 in 2007, the number of calls to the state quit-lines have been much higher compared to the year before.⁷ It is also clear that these efforts to quit by smokers after tax increases translate directly into lower future smoking rates. In Washington State, for example, adult smoking from the year before its 60-cent cigarette tax increase in 2002 to the year afterwards declined from 22.6 to 19.7 percent, reducing the number of adult smokers in the state by more than 100,000, despite overall population increases.⁷

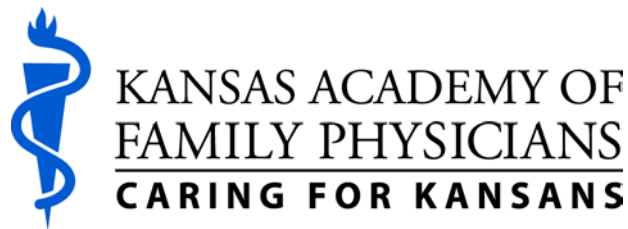
Expert Conclusions: Cigarette Tax Increases Reduce Smoking

- In its 2007 report, *Ending the Tobacco Problem: A Blueprint for the Nation*, the National Academy of Sciences' Institute of Medicine recommends raising cigarette taxes in states with low rates and indexing them to inflation, to reduce cigarette consumption and to provide money for tobacco control. The report states, "Tobacco excise tax revenues pose a potential funding stream for state tobacco control programs. Setting aside about one-third of the per-capita proceeds from tobacco excise taxes would help states fund programs at the level suggested by CDC."⁸
- The President's Cancer Panel's 2007 report, *Promoting Healthy Lifestyles*, advised increasing state tobacco taxes, stating, "Increases in tobacco excise taxes, which are passed along to consumers in the form of higher tobacco product prices, have proven highly effective in reducing tobacco use by promoting cessation among current users, discouraging relapse among former users, preventing initiation among potential users, and reducing consumption among those who continue to use tobacco. These revenues also provide crucial dollars needed to fund anti-tobacco efforts."⁹
- Other Wall Street tobacco industry analysts have also concluded that an increase to the federal cigarette tax would significantly reduce smoking levels.¹¹
- The 2000 U.S. Surgeon General's Report, *Reducing Tobacco Use*, found that raising tobacco-product prices decreases the prevalence of tobacco use, particularly among kids and young adults, and that tobacco tax increases produce "substantial long-term improvements in health." From its review of existing research, the report concluded that raising tobacco taxes is one of the most effective tobacco prevention and control strategies.¹²
- In its 1998 report, *Taking Action to Reduce Tobacco Use*, the National Academy of Sciences' Institute of Medicine concluded that "the single most direct and reliable method for reducing consumption is to increase the price of tobacco products, thus encouraging the cessation and reducing the level of initiation of tobacco use."¹³

The tobacco tax is a user fee. More than eighty-percent of Kansans will not pay this tax because they do not smoke. This is like other user fees that are enforced, in which those using the product or service pay for it.

Tobacco-Related Monetary Costs in Kansas¹⁴

- Annual health care expenditures in the State directly caused by tobacco use: \$1.12 billion¹⁴
- Portion covered by the Kansas state Medicaid program: \$237.4 million¹⁴
- Residents' state and federal tax burden from smoking-caused government expenditures: \$825/household¹⁴



Smoking-caused productivity losses in Kansas: \$1.09 million. This amount is only from smoking-related death or shortened work lives. It does not include productivity losses from smoking-caused work absences, on-the-job performance declines, and disability during otherwise productive work lives, which could total millions more for Kansas. Other non-health costs caused by tobacco use include direct residential and commercial property losses from smoking-caused fires (about \$400 million nationwide); and the costs of extra cleaning and maintenance made necessary by tobacco smoke and tobacco-related litter (about \$4+ billion per year nationally for commercial establishments alone).¹⁴

Thank you again for this opportunity to provide testimony in support of SB 233. Please let me know if you have any questions.

References:

- 1 See, e.g., Chaloupka, FJ, "Macro-Social Influences: The Effects of Prices and Tobacco Control Policies on the Demand for Tobacco Products," *Nicotine and Tobacco Research* 1(Suppl 1):S105-9, 1999; other studies at <http://tiger.uic.edu/~fjc/>; Tauras, J, "Public Policy and Smoking Cessation Among Young adults in the United States," *Health Policy* 6:321-32, 2004; Tauras, J, et al., "Effects of Price and Access Laws on Teenage Smoking Initiation: A National Longitudinal Analysis," *Bridging the Gap Research, ImpacTeen*, April 24, 2001, and others at <http://www.impacteen.org/researchproducts.htm>. Chaloupka, FJ & Pacula, R, *An Examination of Gender and Race Differences in Youth Smoking Responsiveness to Price and Tobacco Control Policies*, National Bureau of Economic Research, Working Paper 6541, April 1998; Emery, S, et al., "Does Cigarette Price Influence Adolescent Experimentation?," *Journal of Health Economics* 20:261-270, 2001; Evans, W & Huang, L, *Cigarette Taxes and Teen Smoking: New Evidence from Panels of Repeated Cross-Sections*, working paper, April 15, 1998; Harris, J & Chan, S, "The Continuum-of-Addiction: Cigarette Smoking in Relation to Price Among Americans Aged 15-29," *Health Economics Letters* 2(2):3-12, February 1998, <http://www.mit.edu/people/jeffrey/HarrisChanHEL98.pdf>. U.S. Department of Health and Human Services (HHS), *Reducing Tobacco Use: A Report of the Surgeon General*, Atlanta, Georgia: HHS, CDC, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2000, http://profiles.nlm.nih.gov/NN/B/B/L/Q/_/nnbblq.pdf.
2. See, e.g., U.S. Centers for Disease Control and Prevention (CDC), "Responses to Cigarette Prices By Race/Ethnicity, Income, and Age Groups – United States 1976-1993," *Morbidity and Mortality Weekly Report* 47(29):605-609, July 31, 1998, <http://www.cdc.gov/mmwr/preview/mmwrhtml/00054047.htm>. Chaloupka, FJ & Pacula, R, *An Examination of Gender and Race Differences in Youth Smoking Responsiveness to Price and Tobacco Control Policies*, National Bureau of Economic Research, Working Paper 6541, April 1998.
3. Oredein, T & Foulds, J, "Causes of the Decline in Cigarette Smoking Among African American Youths From the 1970s to the 1990s," *American Journal of Public Health* e1-e11, doi:10.2105/AJPH.2011.300289, August 18, 2011.
4. Ringel, J & Evans, W, "Cigarette Taxes and Smoking During Pregnancy," *American Journal of Public Health* 91(11):1851-6, 2001. See also, TFK Factsheet, *Harm Caused by Pregnant Women Smoking or Being Exposed to Secondhand Smoke*, <http://www.tobaccofreekids.org/research/factsheets/pdf/0007.pdf>.
5. Chaloupka, FJ, Tauras, J & Grossman, M, "Public Policy and Youth Smokeless Tobacco Use," *Southern Economic Journal* 64(2):503-16, October 1997. Ringel, JS, Wasserman, J, & Andreyeva, T, "Effects of Public Policy on Adolescents' Cigar Use: Evidence From the National Youth Tobacco Survey," *American Journal of Public Health* 95:995-998, 2005.
6. Chaloupka, FJ, et al., *Do Higher Cigarette Prices Encourage Youth to Use Marijuana?*, National Bureau of Economic Research, Working Paper No. 6939, February 1999.
7. "Calls to Wisconsin Tobacco Quit Line breaks all records," *The Dunn County News*, March 12, 2008. Souza, M, "Thank you for Smoking," *Longview-News Journal*, April 22, 2007; "Calls to Quitline Iowa double after cigarette tax raised," *AP*, March 22, 2007. See also, TFK Factsheet, *Quitlines Help Smokers Quit*, <http://www.tobaccofreekids.org/research/factsheets/pdf/0326.pdf>.
8. Souza, M, "Thank you for Smoking," *Longview-News Journal*, April 22, 2007. "Calls to Quitline Iowa double after cigarette tax raised," *AP*, March 22, 2007.
9. CDC, Current Adult Smokers, Behavioral Risk Factor Surveillance System (BRFSS).
10. Institute of Medicine (IOM), *Ending the tobacco problem: A blueprint for the nation*, Washington, DC: The National Academies Press, 2007, <http://www.iom.edu/Reports/2007/Ending-the-Tobacco-Problem-A-Blueprint-for-the-Nation.aspx>.
11. President's Cancer Panel, *Promoting Healthy Lifestyles*, 2006-2007 Annual Report, August 2007, <http://deainfo.nci.nih.gov/advisory/pcp/annualReports/pcp07rpt/pcp07rpt.pdf>.
12. HHS, *Reducing Tobacco Use: A Report of the Surgeon General*, 2000, http://profiles.nlm.nih.gov/NN/B/B/L/Q/_/nnbblq.pdf.
13. IOM, *Taking Action to Reduce Tobacco Use*, Washington, DC: National Academy Press, 1998, http://www.nap.edu/catalog.php?record_id=6060.
14. HHS, *Reducing Tobacco Use: A Report of the Surgeon General*, 2000, http://profiles.nlm.nih.gov/NN/B/B/L/Q/_/nnbblq.pdf.
15. Campaign for Tobacco-Free Kids, et al., *A Decade of Broken Promises: The 1998 State Tobacco Settlement Eleven Years Later*, December 9, 2009 <http://tobaccofreekids.org/reports/settlements>.
16. Campaign for Tobacco-Free Kids, et al, *Toll of Tobacco in Kansas*, Jan. 8, 2015. http://www.tobaccofreekids.org/facts_issues/toll_us/kansas