



Testimony to House Taxation Committee HB 2306 – Alcohol/Tobacco Tax Proposal 18 February 2015

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Chairman Klee and members of the committee:

Testimony on Sin Taxes

1. These taxes seldom bring in the revenues that are projected
 - a. Legal and illegal pressures come into effect (ex. Cigarettes)
 - i. Retailers on border states will see increased traffic
 - ii. Smuggling will get worse
 1. According to the Tax Foundationⁱ 15% of the cigarettes consumed in Kansas are already smuggled
 2. Increasing 'cost' the differential between a carton of cigarette in surrounding states creates greater incentives for black market
 - a. excise tax in Missouri which according to the Campaign for Tobacco Free Kids is the lowest in the 50 states at \$0.17 and DC while Kansas is 36th with \$0.79ⁱⁱ
 - b. Net effect is reduced revenue and little impact on consumption
 2. KPI's 5 Year Budget Plan

ⁱ http://taxfoundation.org/article/cigarette-taxes-and-cigarette-smuggling-state-2013-0?mc_cid=c3d0e247c3&mc_eid=98c87a931f

ⁱⁱ <http://www.tobaccofreekids.org/research/factsheets/pdf/0097.pdf>