

THE UNIVERSITY OF KANSAS  
CANCER CENTER

TO: Chairwoman Caryn Tyson  
Members of the Senate Committee on Assessment and Taxation  
FROM: Roy A. Jensen, MD – Director, The University of Kansas Cancer Center  
RE: SB 175  
DATE: February 13, 2017

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Chairwoman Tyson and Members of the Committee,

Thank you for the opportunity to present testimony to the committee regarding the impact of a tobacco tax increase in Kansas. I am Dr. Roy Jensen, Director of The University of Kansas Cancer Center. Today I have the opportunity to draw attention to a significant public health issue in Kansas: one that needs immediate attention and cannot be delayed. Currently, cancer is the leading cause of death in our state and kills over 5,400 Kansans each year. The biggest culprit is lung cancer. Each year, 2,000 Kansans are diagnosed with lung cancer, one of the most preventable types of cancer, and most of these people die for one reason alone: they smoked cigarettes.

As a National Cancer Institute (NCI) designated cancer center, KU Cancer Center must demonstrate that we are significantly improving the health of Kansans and reducing the cancer burden in our region. One way we can dramatically cut Kansans chances of developing cancer is by helping them to stop smoking. It is also one of our biggest challenges. I am here today to share the health impact of tobacco on Kansas and how increasing the tax on all tobacco products is the single most important thing we can do to improve the health of Kansans.

**Kansas Tobacco Facts**

- Tobacco is the number one cause of preventable death in Kansas
- 10.2 percent of high school students smoke



- 18.7 percent of high school students have used at least one form of tobacco. This includes cigarettes, spit or smokeless tobacco, cigars, pipes and other forms of smoked tobacco.
- 17.7 percent of Kansas adults smoke, compared to the national average of 15.1 percent
- Every year, 4,400 Kansans die from the effects of smoking and 1,600 youth become new smokers
- \$779 is paid per household, annually, in smoking related costs
- Smoking costs Kansas \$1.12 billion in health care costs each year

### **Why does tobacco matter to KU Cancer Center?**

Tobacco prevention and smoking cessation efforts are a significant component of the Cancer Center's pursuit of NCI Comprehensive Cancer designation. Research shows that 31 percent of all cancers could be eradicated if people no longer smoked. As part of our prevention efforts for comprehensive designation, we are committed to educating the public on the dangers of tobacco use. It is our goal to see a 20 percent decrease in tobacco use over the next 15 years. In addition to prevention and education, increasing tobacco taxes is a proven way to reduce tobacco use in our state. By increasing the tobacco tax by \$1.50, Kansas would see the following:

- 16.9 percent decrease in youth smoking rates
- 16,200 youth under the age of 18 kept from becoming adult smokers
- 20,000 adult smokers would quit
- 10,200 premature smoking related deaths would be prevented
- Over a five-year period, \$3.62 million in health care cost savings from fewer smoking-caused lung cancer cases
- \$740.24 million in long-term health care costs savings

A \$1.50 tobacco tax increase and allocation of \$5 million of the revenue to tobacco prevention and cessation would impact the health of Kansans dramatically and show the state's commitment to making meaningful reductions in tobacco use. These two actions would reflect positively on the Cancer Center's application for NCI Comprehensive Cancer Center status, allowing the KU Cancer Center to deliver an even broader range of cancer treatments to our state.

In addition, a \$1.50 tax increase on tobacco products would generate \$111.16 million in annual state revenue. This would provide a significant and relatively stable source of revenue to the state at a time of budget challenges. The increased tobacco tax would also provide a reliable source of revenue to fund the line item in the state budget for the Cancer Center. The contribution the State of Kansas makes toward the Cancer Center is an important part of our journey to achieve Comprehensive cancer center designation. A decrease in funding would reflect negatively on our application and hurt our chances for comprehensive designation.

### **How does designation as an NCI Comprehensive Cancer Center benefit Kansas?**

Since 2007, the State of Kansas and the legislature have been key supporters of the pursuit of NCI designation. Based on the state's annual investment of \$5 million, the Cancer Center has been able to greatly leverage those funds and has now raised \$691 million for the NCI initiative from 2007-2015. The total regional impact of NCI designation to our region is as follows:

- \$1.31 billion in total financial economic impact
- 3,337 total jobs created

The Cancer Center anticipates an additional \$598 million in total investment from 2016-2020, which is estimated to impact the region as follows:

- \$1.232 billion in financial economic impact
- 784 new Kansas jobs

Overall, between 2007 and 2020, the Cancer Center's total economic impact of investment in cancer research totals \$2.54 billion and 4,120 jobs, with an average salary of \$63,661 compared to the average Kansas salary of \$40,000.

### **What do we know about sustainability of revenue and cross border sales?**

Higher cigarette taxes are a reliable source of revenue to help balance budgets and fund critical health care and other services. In addition, higher cigarette taxes save money by reducing tobacco-related health care costs. Tobacco costs every Kansas household \$779 per year – another cost that will decline with reduced tobacco use. Every state that has significantly increased its cigarette tax has enjoyed substantial increases in revenue, even while reducing smoking. Put simply, after a cigarette tax increase, the revenue gains on each cigarette pack sold far outweigh the revenue losses from declines in total cigarette sales.

The statement that an increase in the tax will drive Kansans over the border to make purchases is simply inaccurate. In fact, research shows that nearly 70 percent of current smokers want to quit smoking. Most smokers will not travel out of their way to purchase cigarettes. Nebraska and Oklahoma legislatures are also actively considering a \$1.50 per pack tax increase this year. The proposed tax increase on tobacco is an opportunity to improve so many things in our state. We have the chance to put money back into the State budget, help the KU Cancer Center obtain Comprehensive designation and, most importantly, improve the long-term health of Kansans. For these reasons, I implore you to support SB 175.

Thank you.