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### Testimony in Support of SB 376

March 22, 2018

Chairperson Tyson and Members of the Committee. My name is Mary Jo Taylor, State Senator from District 33. I am not here to represent a special interest group. Just like all of you, I serve my district and our state in order to improve quality of life and support the needs of our fellow citizens. My goal in supporting this bill is to try to help those suffering from nicotine addiction and work toward prevention efforts. Healthy citizens have a good quality of life and are more productive. If the state also stands to benefit financially from these efforts, then it is simply good policy. By the end of our testimony, I hope you will agree that it is good policy that has a successful track record.

I want to leave you with four points this morning;

1. The health benefits of tobacco prevention and cessation: You will hear testimony about some of the sobering statistics of those addicted to tobacco. The one statistic that sticks with me is that 31% of cancer is tobacco related. Almost one-third of all cancer could be avoided by not using tobacco. Heart disease could be drastically reduced. Costly treatments would be eliminated, and hospital stays reduced in length.

Smoking is the most preventable cause of death. Raising the cost of cigarettes is one of the most effective ways to drive down uses and keep people from ever starting. According to data from the Campaign for Tobacco Free Kids and, 9,000 premature smoking caused deaths in Kansas could be prevented and 13,900 Kansas kids would never become adult smokers with a \$1.50 per pack increase. We know this what happens when tobacco taxes are increased because of the wealth of data from other states and previous experience in Kansas.

Tobacco use is deadly. It is also highly addictive. Even when one is trying to quit, it will take more than one try. Effective pharmaceuticals are available to help curtail nicotine craving. All tobacco users, including those enrolled in KanCare need access to a range of treatments to find the most effective cessation tools for them. Because of that, a companion bill to this one has been introduced, SB 316/SB436. If this bill passes, it would strengthen cessation coverage for KanCare clients.

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2. This policy is good for the budget. One might think that if fewer people are using tobacco (as designed by this policy) it would not be too profitable to raises taxes. Experience tells us that that is not the case. When tobacco taxes are increased, states receive more revenue from fewer packs sold – even with lower smoking rates and any tax avoidance. In 2015, Kansas raised tobacco taxes by \$.50 per pack of cigarettes. The State General Fund grew from \$88,821,000. To \$138,512,000. During the same period, over 10 million fewer packs of cigarettes were sold in Kansas. It is projected that the revenue from this proposal will generate \$107 million . . . AND save 9,000 lives.

Some skeptics are concerned that those in counties that border neighboring states will lose revenue to those states. Again, the 2015 experience does not bear out this concern. When that tax increase was implemented the state received \$50,000,000 in additional taxes while sales in Missouri remained essentially flat (0.7% increase). It seems that convenience is a driving factor in purchasing tobacco products. Most smokers want to quit. It is common to buy one pack at a time, thinking it will be the last pack.

In thinking about state revenues, it is helpful to also consider cost savings to the state. The current levels of tobacco use cost taxpayers and families. Over \$237,000,000 in annual KanCare spending is attributable to tobacco. It follows that tobacco related health costs are an issue for private employers, as well. While I do not have access to their statistics, I do have access to data from the State Employee Health Plan. Consider the following:

- Health care costs to Kansas taxpayers are 24% higher for tobacco users than for non-users, resulting in \$9.9 million in additional health care costs.
  - In addition to higher health care costs, public and private employers suffer from lower productivity and higher absenteeism.
  - It is easy to see why many large businesses prioritize tobacco cessation.
3. Other Tax Product (OTP) tax needs to be fair. There has not been a tax increase on these products since 1972. Like cigarettes, other tobacco products are also dangerous and addictive. Kansas OTP tax is much lower than neighboring states, with the exception of Missouri, which also taxes at 10% of wholesale price. If we don't tax OTP at a level equal to the tax on cigarettes, users may quit smoking cigarettes, only to switch OTP.
  4. This plan is good for Kansas. Consider the following results;
    - a. Several recent polls have shown Kansans are most likely to favor the increased tobacco tax over other taxes to help fix the state budget shortfall.
    - b. Voters strongly oppose an increase in taxes on exempt organizations, gas tax, and sales tax.
    - c. Over three-quarters of voters are concerned about smoking and the use of tobacco among young people.
    - d. There is high support for increasing tobacco tax to generate revenue for school funding.
    - e. Increasing cigarette tax by \$1.50 to help fund education is supported across party lines.
    - f. 78% of voters favor taxing other tobacco products at the same rate as cigarettes.

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In conclusion, I encourage the committee to pass this bill out of committee favorably. It is a tool that we, as lawmakers, can utilize to improve the health of Kansans, and the state of the Kansas budget. Thank you for your kind attention to this testimony. I will stand for questions at the appropriate time.

Mary Jo Taylor

State Senator, District 33