

## Tobacco Product Tax Increase and Parity: A Health Positive Revenue Proposal

***Increasing taxes on tobacco and vaping products in NYS, along with tax product parity and dedicating a portion of this revenue to support public health programming and Article 6 funding will have a positive impact on priority health outcomes in NYS and will generate revenue that can be used to support state and local public health services***

Smoking is a proven risk factor for cancer, chronic obstructive pulmonary disease (COPD) and heart disease, which put people at increased risk for severe illness from COVID-19. Despite the well documented benefits of tobacco tax increases, New York has not increased most tobacco taxes in over a decade. Tobacco tax increases are a win-win-win; they improve public health, reduce healthcare costs, and generate revenue. NYSACHO and other public health partners support a cigarette tax increase of at least \$1.00 per pack and the establishment of tax parity with other tobacco products be included in the SFY 2021-2022 Budget.

There is no better time to act. Once at the forefront of cigarette taxes in the nation, New York's



cigarette tax is now surpassed by the District of Columbia, Puerto Rico, and numerous other municipalities across the country.

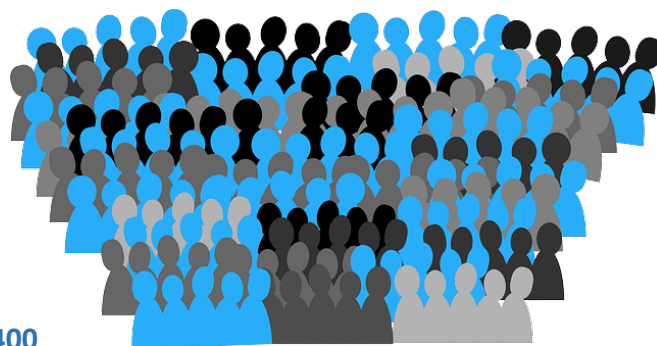
- An estimated 22,290 deaths every year are attributed to smoking in New York.
- Approximately 12.8% of New York adults are still smoking.
- High school students use e-cigarettes at rates five times higher than adults over age 25; reasons for trying and using e-cigarettes include curiosity, flavor and taste, and a mistaken belief that vaping

products are less harmful than other tobacco products.

- Tobacco use remains the leading preventable cause of death and a significant contributing factor to heart disease, and stroke, that nation’s number one, and number five cause of mortality.
- Lung cancer is the leading cause of cancer death in both men and women in New York.
- After years of downward trends in New York, the smoking rate among high school students increased from 4.3% to 4.8%.
- Disparities in smoking rates persist, most notably by race, mental health, income, and education, thanks in part to Big Tobacco’s targeted marketing and advertising in these communities.

A significant increase in tobacco taxes will have a positive impact on the number of people who smoke, especially youth who are price sensitive. The projected health benefits of increasing the cigarette tax by \$1.00 per pack in New York include:

- Youth under age 18 kept from becoming adult smokers: **29,500**
- Reduction in young adult (18-24 years old) smokers: **6,500**
- Current adult smokers who would quit: **61,800**
- Premature smoking-caused deaths prevented: **24,400**
- 5-Year reduction in the number of smoking-affected pregnancies and births: **6,000**



*An increase in New York’s tobacco taxes is a good public health policy and an investment in the future. It will also reduce health care costs.* In addition to the public health benefits, a tobacco tax is essential to help make a dent in the \$9.7 billion New York spends annually on tobacco-related healthcare costs. The projected health care saving of increasing the cigarette tax by \$1.00 per pack in New York include:

- 5-Year health care cost savings from fewer smoking-caused lung cancer cases: \$12.05 million

- 5-Year health care cost savings from fewer smoking-affected pregnancies and births: \$16.10 million
- 5-Year health care cost savings from fewer smoking-caused heart attacks & strokes: \$26.01 million
- 5-Year Medicaid program savings for the state: \$46.11 million
- Long-term health care cost savings from adult & youth smoking declines: \$1.86 billion.

Increasing tobacco taxes saves on long term healthcare expenditures and will also generate new revenue for New York as we face a \$14.5 billion budget deficit. For New York, an increase in the cigarette tax by \$1.00 per pack is estimated to generate \$30-40 million in new annual state revenue

In addition, this projection does not account for the additional revenue raised from an increase in taxes on other tobacco products (OTPs). Raising state tax rates on OTPs, including e-cigarettes, to parallel the increased cigarette tax rate will bring the state additional revenue, public health benefits, and cost savings (and promote tax equity). With unequal rates, the state loses revenue each time a cigarette smoker switches to other tobacco products taxed at a lower rate.

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