

## Summary of Cigarette Tax

### **Purpose:**

Tobacco tax increases are good for public health, good for state revenues, and have broad-based public support. The revenues raised from the increase in the cigarette tax, expected to be \$200 million in 2010-2011 and \$205 million in 2011-2012, will go to the New York State Health Care Reform Act (HCRA) Resources Fund to support healthcare and health related initiatives, such as tobacco control and chronic disease prevention programs.

### **What is Proposed?**

Increase the per pack cigarette tax by \$1.00 to a total of \$3.75 per pack.

### **What is the Expected Impact of the Tax?**

It is estimated that a \$1.00 increase to the current New York State cigarette tax will have the following impacts on youth and adult smoking:

- A 9.4% decrease in current youth smoking;
- 106,500 youth under 18 in New York State will not become smokers;
- 53,800 adult smokers would quit;
- 9,650 smoking-affected births would be avoided over the next five years; and
- 48,300 NY residents will be saved from premature smoking-caused death.

The increase in the cigarette tax is expected to generate additional revenues of \$200 million in 2010-2011 and \$205 million in 2011-2012. All of the revenues raised through these taxes will go to the New York State Health Care Reform Act (HCRA) Resources Fund to support healthcare and health related initiatives.

### **Rationale and Supporting Facts:**

Studies have consistently found that increasing the price of tobacco products is one of the most effective ways to reduce youth and adult smoking and prevent kids from starting. In addition, cigarette tax increases are supported by the majority of New Yorkers and have consistently generated revenues for the state while improving overall public health.

The economic benefits of the proposed tax increase goes beyond the direct tax revenues. The estimated 5-year health savings from fewer smoking-affected pregnancies and births is \$16.4 million; and the estimated 5-year health savings from fewer smoking-caused heart attacks and strokes is \$23.6 million (Source: Campaign for Tobacco-Free Kids).

Studies consistently find broad-based public support for cigarette tax increases. The 2008 New York State Adult Tobacco Survey found that 59% of New York adults favored a \$1 increase in the State's cigarette excise tax.