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Testimony Regarding Tobacco Control Provisions in HB49
Ohio House Finance Committee
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Chairman Smith, Ranking Member Cera, and members of the House Finance Committee – I am Jeff Stephens with the American Cancer Society Cancer Action Network, and I thank you for the opportunity to provide testimony on the tobacco control provisions of HB 49.

It is hard to ignore the tobacco problem in Ohio. Our smoking rate is 21.6 percent and is the 8th highest in the nation. 15.1 percent of our high school students smoke. Each year 7,100 kids under the age of 18 become new daily smokers. The current smoking rate among our Medicaid population is 37 percent.

Tobacco use remains the single largest preventable cause of disease and premature death. Over 30% of Ohio's cancer deaths – that was 7,598 deaths in 2014 – are directly attributable to tobacco use. Add in the deaths from all diseases attributable to smoking, and the number of annual deaths climbs to 20,200 lives lost to tobacco use each year in Ohio if current trends are allowed to continue.

In addition to lives lost, there is also a huge financial burden from tobacco use.

Annual health care costs from smoking exceed \$5.6 billion in Ohio and Ohio's Medicaid program spends \$1.72 billion each year to treat smoking-related diseases. Smoking-caused productivity losses in the state total nearly \$5.9 billion annually.

It is estimated that each Ohio household pays \$1,058 each year in state and federal taxes for smoking-caused government expenditures.

The toll of tobacco use in Ohio is weighs on both our health and economy. However, we know **exactly** how to combat the problem and reduce tobacco use.

Over 50 years of implementing evidence-based policy interventions across the United States has demonstrated that increasing tobacco taxes, fully-funding, evidence-based state tobacco control programs, and implementing 100% smoke-free workplace laws are the most effective ways to reduce tobacco use. According to the Institute of Medicine, the U.S. Surgeon General, and the World Health Organization, tobacco tax increases are a highly effective means of reducing tobacco use. Increasing the price of tobacco products through state excise tax increases improves health outcomes by

preventing smoking initiation, promoting smoking cessation, and reducing the prevalence and intensity of tobacco use by teens and adults. In fact, tobacco companies have repeatedly admitted in their own corporate documents that tobacco taxes are a significant deterrent to youth consumption and an incentive to adult quitting and therefore pose a serious external threat to tobacco industry sales volumes and profits.

The American Cancer Society Cancer Action Network, and all the partner organizations that have stood with us over the years, will continue to frame this conversation as it should be – tobacco's impact on Ohioans' health and the resultant impact on health care costs. We will continue to ask for enactment of the meaningful public policies that will reduce tobacco use in Ohio.

We are therefore disappointed that Substitute HB49 did not take the opportunity to implement proven strategies to reduce the terrible toll of tobacco use in Ohio.

First – Substitute HB49 proposes a 60% reduction in the Ohio Tobacco Prevention and Cessation program at ODH from a \$13.5 million FY '17 allocation in the last Biennial budget. According to projections from the Campaign for Tobacco-Free Kids, this cut will result in 4,730 additional Ohio kids growing up to be adults who smoke, and increase future healthcare expenditures by \$99.3 million. Decimating an already underfunded tobacco prevention and cessation program is unacceptable. We will continue to ask you to **invest \$35 Million in tobacco use prevention and cessation programs**. This investment will allow the state to revive its successful comprehensive program at a level that had meaningful impact on tobacco use from 2003-2008; We can once again have an effective state strategy to keep kids tobacco-free and help current tobacco users beat their addiction.

Secondly – We're disappointed that you Substitute HB49 missed the opportunity to increase the unit price of tobacco products via increasing tobacco excise taxes. Increasing the cigarette tax by \$1.00 per pack would raise much needed revenue of an additional \$313 million per year, and most importantly stimulate an 11 percent reduction in the youth smoking rate and save 32,400 lives. Matching the other tobacco products tax to the cigarette tax level would raise millions of additional dollars and deter our youth from initiating a lifetime of addiction to tobacco products. Moreover, these proven strategies for reducing tobacco use would positively impact the enormous health care costs associated with treating tobacco-related disease. Raising tobacco taxes is a win-win strategy!

Additionally, tobacco taxes are one of the most predictable sources of revenue that states receive. In fact, tobacco tax revenues are more predictable over time than other major revenue sources like state incomes tax or corporate tax revenues.ⁱ The higher level of revenue from a state tobacco tax rate increase will decline over time as state smoking levels shrink, but the revenue levels will remain higher than they would have been without the rate increase.

All states that have substantially increased their tobacco taxes have realized an increase in revenue even as consumption declines.

When faced with mounting evidence that tobacco tax increases effectively reduce tobacco use, we have seen tobacco manufacturers try to distract policymakers from the material facts by invoking dire warnings of reduced revenue due stemming from tax evasion, tax avoidance, or black market activity that they claim will result from increased taxes on cigarettes and other tobacco products. Big Tobacco will try to reframe the argument as something other than the health of Ohioans in an effort to protect its customer base and continue its attempts to attract new customers.

We must not allow Big Tobacco to reframe this conversation and prolong the deadly and costly toll of the tobacco epidemic in Ohio. The health of Ohioans and the burden of tobacco use on our collective health care costs should be the driving criteria for your public policy decisions. We need to place a priority on urgently reducing the impact of tobacco use for the 20,200 Ohioans that will die from tobacco-related diseases this year. We need to place a priority on mitigating the costs to our health care system that all Ohioans subsidize. Please don't be distracted.

We cannot afford to miss this opportunity to reduce tobacco use in Ohio. The reduction of tobacco use will make Ohio more economically attractive and competitive. By reducing our tobacco use rates and making the state healthier, the savings to the health care system will be billions of dollars and the savings to Ohio's families—priceless.

ⁱ Campaign for Tobacco-Free Kids. Tobacco Tax Increases are a Reliable Source of Substantial New State Revenue. December 23, 2013.