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**Ohio Senate Finance Committee**

Chairman Oelslager, Vice Chairman Coley, and Ranking Minority Member Skindell:

My name is Dr. Peter Shields and I am a professor of medicine and public health at The Ohio State University. Also, I am the deputy director of the Ohio State's Comprehensive Cancer Center and James Cancer Hospital and Solove Research Institute, and the Principal Investigator for The Ohio State University's federally-funded Center of Excellence in Regulatory Tobacco Science. The Center of Excellence in Regulatory Tobacco Science studies tobacco use and tobacco marketing in both rural and urban settings, with a focus on dual use and especially the use of new and emerging tobacco products. The mission of our center is to provide relevant, high-quality scientific data to inform the regulation of tobacco. I have devoted more than 25 years of my career to tobacco control, tobacco research and public health.

Tobacco use is fueled by nicotine addiction, started during adolescent and early adult years. There are many effective ways to curtail the uptake of tobacco products by our kids, and to foster cessation among addicted adults. When adolescents and young adults start to smoke, they are under the false belief that they can quit at any time, is important socially, controls weight and improves thinking. The time from first experimentation to nicotine dependence is on the order of years, and so our youth don't realize that they are addicted until it becomes a struggle to quit. Nicotine is powerfully addicting, and is a complicated public health problem that requires multiple methods to curtail this. Tobacco taxes is an important tool for improving public health, as well as things like indoor air laws, enforcement of no sales to minors, messaging to de-normalize the use of tobacco, and access to known methods for smoking cessation.

I am here to testify in support of Governor Kasich's plan to reduce tobacco use in Ohio. While his plan includes many policy changes to address tobacco use, my testimony today will focus on the proposal to increase the cigarette tax by \$1.00 per pack and to increase the tax on other tobacco products by an equivalent amount. I would have preferred to also support the Senate budget proposal, but have serious concerns.

The Senate budget proposes only a 40 cent per pack tobacco tax increase, a small tax increase on other tobacco products, and no taxation on e-cigarettes. I commend the committee for including a tax increase and for investing additional resources in tobacco prevention and cessation programs. However, the modest tax increase proposed by the Senate can easily be offset with coupons and special discounts to entice new users and not persuade those already addicted to quit. It is easier for smokers to adjust to the increase. It is well known that the effectiveness of tobacco taxes for public health is directly related to the amount of the tax. We worry that the 40 cent increase will not be effective for primary prevention for kids and fostering cessation among adults. It will likely, in reality, only be a tax increase that brings in some revenue to the state. Separately, I am disappointed that the Committee has removed another key measure -- the House-passed language to require the state's public universities to become tobacco-free. The Ohio State University already has adopted such a policy, which benefits both our students and our employees. I co-lead that effort and have personally witnessed the positive impact of policy that de-normalizes tobacco use and discourages tobacco uptake by our young adults. I cannot emphasize this enough. Nicotine addiction and dependency typically begins during the teenage years. This is so important, let me say it again, smokers first board the train to a life of nicotine addiction and dependency as an adolescent. Nicotine is one of the most readily available and addictive substances we have. Tobacco smoking remains culturally appealing in spite of substantial gains in communications by the public health community and health professionals, and knowledge gained by smokers. To demonstrate its cultural appeal, one needs only to consider how elementary school children, who are so well-versed in the dangers of smoking, will still, pick up a candy cigarette and pretend to smoke with "coolness." Nicotine is a remarkable drug because of its many effects on the brain: it can calm, stimulate, reduce hunger, help with thinking, reduce depression, reduce anxiety and I can go on. As an additional example of the powerful addictiveness of smoking, one only needs to consider how many smokers continue to smoke after being treated for lung cancer or having a heart attack. Standing outside and smoking in zero degree weather is not a voluntary habit, but an addiction.

It is important to emphasize that it has now been more than 50 years since the 1964 Surgeon General's Report concluded definitively that tobacco causes cancer and other life-threatening diseases. In those past 50 years, tobacco use has caused nearly 20 million deaths in the U.S. Ohio loses over 20,000 lives to tobacco each year. Ohio's annual healthcare costs directly linked to tobacco are \$5.6 billion, with Medicaid paying more than \$1.7 billion, more than 30 percent.

Regulation of tobacco has gradually increased over time, during which retailers should have been able to figure out that relying too extensively on the sale of a product that kills half of its long-term users is not a sustainable strategy, because a product that kills when used as intended, cuts lives short and reduces productivity. Tobacco companies' internal documents that were disclosed in the tobacco lawsuits and financial filings with the U.S. Securities and Exchange Commission showed that they have recognized for decades that raising cigarette taxes is one of the most effective ways to prevent and reduce smoking,

especially among kids. This is, of course, why they were willing to spend more than \$45 million in 2012 to defeat a tobacco tax increase initiative in California. The industry spends almost \$395 million on marketing just in Ohio each year. Big tobacco strongly opposes all tobacco tax increases, even persuading retailers to exaggerate the effects of cross-border sales and smuggling, while denying the impact of shifted consumer spending to other goods and products. The tobacco industry itself has been implicated in smuggling, since the economic incentive is to increase market share. It is my understanding that the best estimate is that cross-border sales are only slightly more than five percent of total consumption. Importantly, we are not the first state or jurisdiction to increase tobacco taxes. We know the positive effects of increasing taxes on public health, even if there is some minor impact, if any, on cross-border sales and smuggling. We are aware of wild claims, unsupported by rigorous peer reviewed science, that increasing tobacco taxes has no impact on public health, while driving revenue to bordering states. I respectfully urge you to consider being curious about these claims and consider the funding sources for these putative scientific studies.

Ohio's smoking rates are too high, with some counties reporting more than a 40% smoking rate. In Ohio, about 60% of children have tried a cigarette before the age of 17; by 11<sup>th</sup> grade, more than 27% have smoked at least once in the prior 30 days; and almost 20% have used smokeless tobacco in the prior 30 days. In Southern Ohio, 10% of men regularly use smokeless tobacco, and 25% of these start before the age of 10. These are big numbers.

Governor Kasich's proposed \$1 per pack tax increase applies to all tobacco, including cigars, smokeless tobacco, and e-cigarette vaping products. It is an amount that will clearly impact current users, providing a financial incentive that we know works, to finally cease their tobacco use and nicotine dependence. Non-cigarette tobacco products have not had any tax increase since 1993, which actually provides a lower price that increases the attractiveness of these equally addictive and harmful products to the children who begin experimenting so young.

Tobacco control is complex, because tobacco use is a complex behavior fostered by addiction, peer-pressure, family environments, marketing, accessibility and other reasons. Since tobacco control is so complex, there is no single magic bullet to reduce deadly tobacco use rates among Ohioans. What is known to work are effective education campaigns, enforcement of age restrictions, indoor air laws, better smoking cessation methods and tobacco taxes.

There are studies that will tell us what the impact of a tobacco tax will be. We know that it must be substantial to have impact, otherwise smokers and the tobacco companies can adjust too easily. It must be substantial to make it harder for our youth to purchase cigarettes and to foster cessation in adults. The Campaign for Tobacco-Free Kids and the American Cancer Society Cancer Action Network have modeled the impact of the proposed tax, and these are in line with my understanding of the real impact the tax will have. A \$1.00 dollar increase will result in a 12% reduction in current youth smoking, and

prevent 65,000 youth from ever becoming smokers. It is estimated that the \$1.00 per pack increase will foster 73,000 adult smokers to quit. A 40 cent increase may have no effect, and certainly not a proportional decrease from a \$1.00 increase. Quitting at any age saves lives: it is never too late to quit. Even late stage cancer patients benefit from quitting. These are real numbers and real lives. Indeed, California's 1989 tobacco control legislation resulted in reduced medical spending of \$86 billion between 1989 and 2004, just from reducing heart disease and lung cancer.

I urge you to support Governor Kasich's tobacco tax proposals, and I would be happy to answer any questions.