



## Senate Ways and Means Committee

### Testimony on H.B. 64, Tobacco Tax Provisions

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Director of Public Policy and Advocacy

Good morning, Chairman Peterson, Vice Chair Beagle, and Ranking Member Tavares. I am Jon Honeck, Director of Public Policy & Advocacy for The Center for Community Solutions, a non-profit research and advocacy organization with offices in Cleveland and Columbus. Our mission is to propose non-partisan policy solutions to improve health, social, and economic conditions for all Ohioans.

I am here today to discuss the tobacco tax provisions in the governor's budget, and to support the executive budget proposal to raise the cigarette tax by \$1 per pack and to equalize the tax on other tobacco products at 60 percent of the wholesale price. Our support for this measure is dependent on using the proceeds raised from the tax for smoking cessation and other health-related measures.

Lowering the state's rate of smoking will improve the health of our population and reduce the staggering health-related costs for public and private payers in the health system. About 20,000 Ohioans die each year from smoking-related illnesses.<sup>1</sup> The Center for Disease Control (CDC) estimates that the total costs of treatment for smoking-related illness in the state is \$4.3 billion annually (in 2004), with hospital care alone accounting for about half.<sup>2</sup> The state's interest in this matter is even more critical given that the smoking rate in the non-senior adult Medicaid population is 48 percent.<sup>3</sup> With the Medicaid program already facing the certain cost increases due to an aging population in general, the state should be doing everything possible to reduce smoking rates. At present rates, the U.S. Surgeon General estimates that 259,000 Ohio children,

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<sup>1</sup> Centers for Disease Control and Prevention, Best Practices for Comprehensive Tobacco Control Programs, Recommended Funding Levels by State – Ohio. Available at [http://www.cdc.gov/tobacco/stateandcommunity/best\\_practices/pdfs/2014/states/ohio.pdf](http://www.cdc.gov/tobacco/stateandcommunity/best_practices/pdfs/2014/states/ohio.pdf)

<sup>2</sup> Centers for Disease Control and Prevention, Tobacco Control Highlights – Ohio, Smoking-Attributable Expenditures, 2004.

<sup>3</sup> Ohio Medicaid Assessment Survey 2012, Descriptive Tables, <http://grc.osu.edu/omas/datadownloads/2012omaspublicdata/index.cfm>

or 9.7 percent of the current cohort under age 18, will die prematurely in adulthood due to smoking.<sup>4</sup>

Increasing the cigarette tax is an important tool in reducing cigarette use. National research indicates that a 10 percent increase in the cigarette tax will reduce the overall number of cigarettes consumed by about 4 percent.<sup>5</sup> Price increases are even more effective in discouraging cigarette use by lower income populations and youth, the two groups that comprise much of the Medicaid population. Ohio's current tobacco tax rate of \$1.25 per pack is lower than average (29<sup>th</sup> highest in the nation) and our smoking rate is the seventh-highest in the nation.<sup>6</sup> Clearly, the state has more room to use this policy lever.

Tobacco taxes should be combined with increased public health efforts to combat smoking and tobacco use. Current annual state appropriations for cessation activities in the Ohio Department of Health budget are only \$7.4 million, mostly drawn from tobacco settlement revenues. Based on population, the CDC recommends an investment level of at least \$92 million annually to fund cessation activities, education, and communication.<sup>7</sup> National surveys indicate that about 70 percent of smokers would like to quit, and 42 percent try to quit each year.<sup>8</sup> These are individuals who can be reached with proper education, and with the right support they can achieve successful outcomes to create a "win-win" policy outcome for our state.

Thank you for allowing me to testify today. I would be pleased to answer any questions you may have.

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<sup>4</sup> U.S. Department of Health and Human Services, Public Health Service, Office of the Surgeon General. *The Health Consequences of Smoking: Fifty Years of Progress*. Table 2.2.2. A Report of the Surgeon General. Proportion (%) of persons, 0–17 years of age, who are projected to become smokers and die prematurely as adults because of smoking-related illness, by state—United States, 2012, page 697.

<sup>5</sup> U.S. Department of Health and Human Services, *The Health Consequences of Smoking*, p. 789.

<sup>6</sup> Campaign for Tobacco-Free Kids, "Key State-Specific Tobacco-related Data and Rankings." Available at [www.tobaccofreekids.org](http://www.tobaccofreekids.org)

<sup>7</sup> Centers for Disease Control and Prevention, Office on Smoking and Health. *Best Practices for Comprehensive Tobacco Control Programs*, Section C: Recommended Funding Levels, by State – Ohio. Available at [http://www.cdc.gov/tobacco/stateandcommunity/best\\_practices/pdfs/2014/states/ohio.pdf](http://www.cdc.gov/tobacco/stateandcommunity/best_practices/pdfs/2014/states/ohio.pdf)

<sup>8</sup> Centers for Disease Control and Prevention, Quitting Smoking Fact Sheet. Available at [http://www.cdc.gov/tobacco/data\\_statistics/fact\\_sheets/cessation/quitting/index.htm](http://www.cdc.gov/tobacco/data_statistics/fact_sheets/cessation/quitting/index.htm)

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