

- Creating a Healthier Future for New Mexico Youth



## Tobacco's Toll in New Mexico

- 2,600 tobacco-related deaths annually
- 4,300 kids try first cigarette each year
- 40,000 kids alive today will die from tobacco use
- 8.9% of high school students currently smoke cigarettes
- 11% of high school males currently smoke cigars
- 34% of high school students currently use e-cigarettes
- 16% of adults currently smoke cigarettes

# Tobacco's Toll in New Mexico

- \$844 million in annual health care costs related to tobacco use
- \$222.8 million in Medicaid costs alone
- New Mexico taxpayers pay \$937 per household to cover smoking-caused government costs

# E-Cigarette Epidemic in New Mexico

- New Mexico is ranked 3rd highest in high school student use of e-cigarettes, out of 44 states, only behind West Virginia (35.7%) and North Carolina (35.5).
- Nationally, New Mexico is ranked 5th highest in youth smoking rates.

E-cigarette use among New Mexico high school students:

2015  
24%

2017  
24.7%

2019  
34%

Source: NM Youth Risk & Resiliency Survey, NM Dept of Health & NM Public Education Department. Sample sizes insufficient to report out data for Catron and Harding counties.



# Low E-Cigarette Taxes in New Mexico

	<u><b>FY20</b></u>	<u><b>FY21</b></u>
<b>E-Liquid Total Tax:</b> (12.5% of wholesale value)	\$197,550	\$262,894
<b>Closed-System Cartridges Total Tax:</b> (\$0.50 per cartridge)	\$1,490,184	\$1,273,186
<b>Sub-Total E-Cigarette Products Total Tax:</b>	\$1,687,734	\$1,536,080

(Utah: 56% of wholesale value; Colorado: 30% of manufacturer list price; Texas and Arizona have no taxes)

Tobacco  
Taxes are  
Most  
Effective  
with:

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Kids

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Pregnant Women

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Lower Income  
Populations

# Win For Public Health In New Mexico

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Fewer low birthweight babies and attendant health problems

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Immediate medical cost savings for caring for low birthweight babies

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Fewer cases of miscarriage, neonatal mortality, and SIDS

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Less exposure of babies to secondhand smoke

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# Win For Public Health in New Mexico

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8,100 kids prevented  
from becoming  
addicted adult  
smokers

1,600 young adult  
(18-24) smokers who  
will quit

14,000 adult  
smokers who will  
quit

1,300 smoking-  
affected births  
prevented (over next  
5 years)

Saving 5,900  
residents from  
premature smoking-  
caused death



# Win For Public Health In New Mexico

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\$12.54 million in 5-year savings from fewer smoking-caused lung cancer cases, smoking-affected pregnancies and heart attacks and strokes

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\$10.85 million in 5-year New Mexico Medicaid program savings from fewer smokers

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\$476.06 million in long-term health care savings from declines in adult and youth smoking

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## Raising Tobacco Taxes Changes Behavior

“The single most direct and reliable method for reducing consumption is to increase the price of tobacco products, thus encouraging the cessation and reducing the level of initiation of tobacco use.”

**Taking Action to Reduce Tobacco Use  
National Academy of Sciences Institute of Medicine - 1998**

# Reduce Smoking Rates Among Adults & Youth:

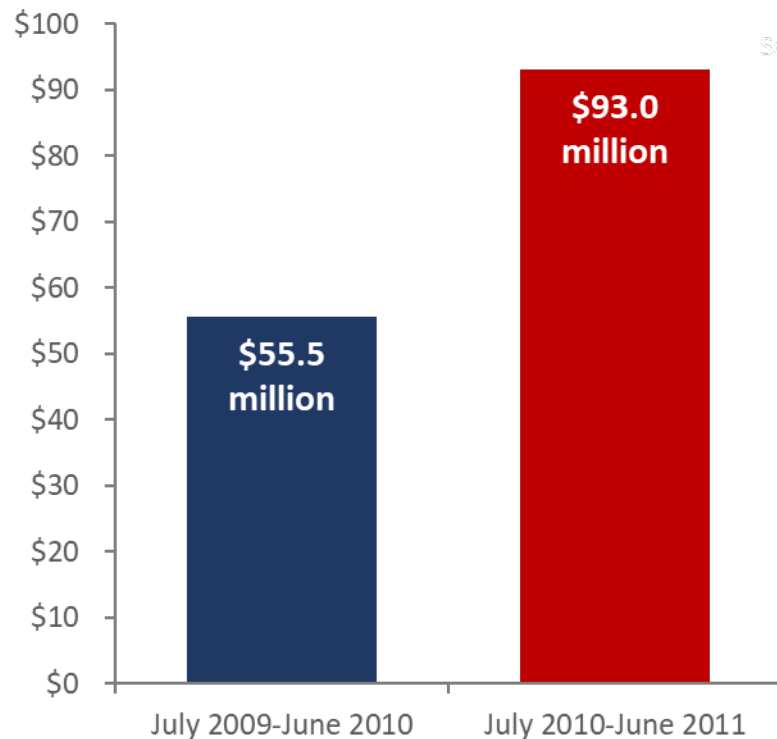
State	Cigarette Tax Rank (1=High)	Cigarette Tax (per pack)	Youth Smoking Rate	Adult Smoking Rate
DC	1st	\$ 4.50	5.3%	12.7%
Connecticut	2nd	\$ 4.35	3.7%	12.1%
New York	2nd	\$ 4.35	4.8%	12.7%
Rhode Island	4th	\$ 4.25	4.2%	13.3%
Massachusetts	5th	\$ 3.51	5.0%	12.1%
Oregon	6th	\$ 3.33	4.5%	14.5%
Hawaii	7th	\$ 3.20	5.3%	12.3%
Vermont	8th	\$ 3.08	6.9%	15.1%
Minnesota	9th	\$ 3.04	9.6%	14.6%
Washington	10th	\$ 3.025	5.0%	12.7%
Illinois	11th	\$ 2.98	4.7%	14.5%
California	12th	\$ 2.87	2.0%	10.0%
New Jersey	13th	\$ 2.70	3.8%	13.1%
Pennsylvania	14th	\$ 2.60	6.6%	17.3%
Wisconsin	15th	\$ 2.52	4.7%	15.4%
New Mexico	18th	\$2.00	8.9%	16.0%

# *Win For New Mexico Budget*

New Mexico's 2010 Tax Experience  
Tax rate increased from \$0.91 to \$1.66 on 7/1/2010

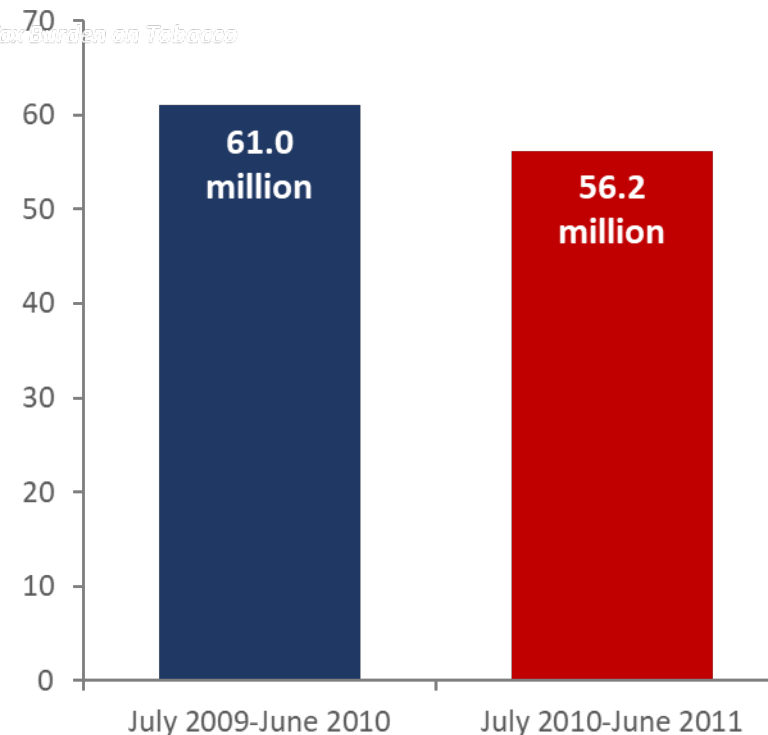
## Revenues Collected

**+ 67.5%**



## Packs Sold

**- 7.8%**



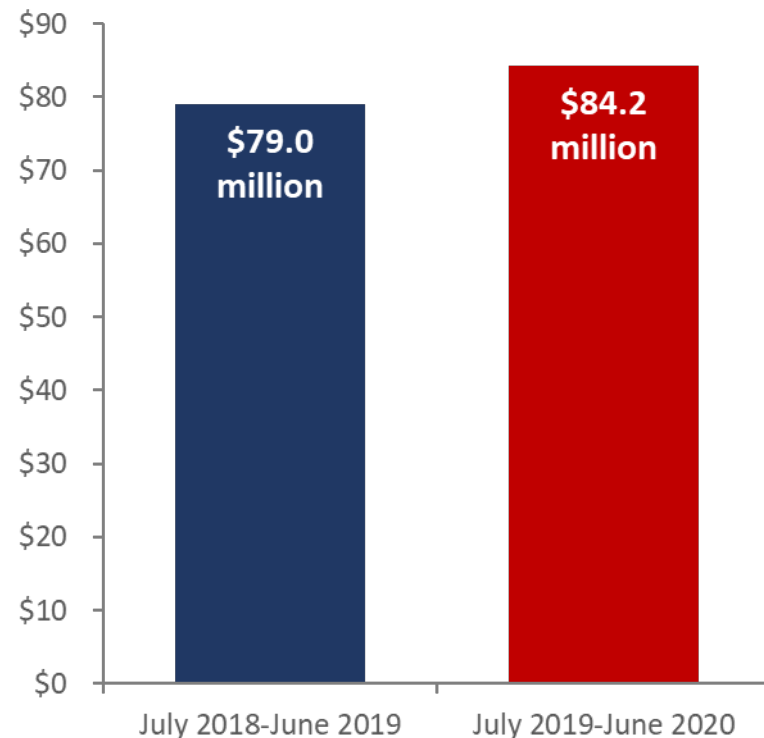
Source: Orzechowski & Walker, *The Tax Burden on Tobacco*

# Win For New Mexico Budget

New Mexico's 2019 Tax Experience  
Tax rate increased from \$1.66 to \$2.00 on 7/1/2019

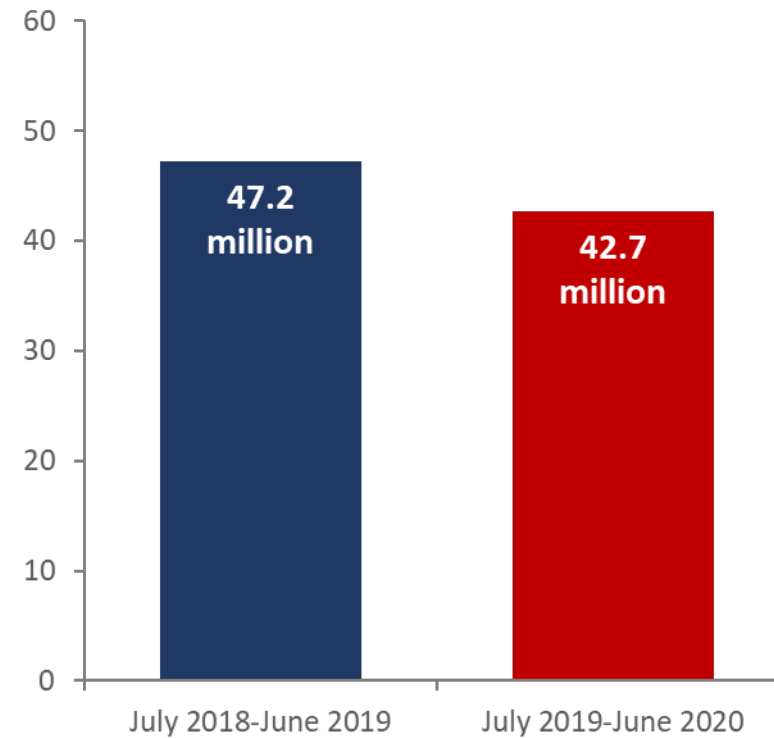
## Revenues Collected

**+ 6.7%**



## Packs Sold

**- 9.5%**



# State Revenue Gains From Cigarette Taxes

State	Effective Date	Tax Increase Amount (per pack)	New State Tax Rate (per pack)	State Pack Sales Decline	Revenue Increase	Gross New Revenue (millions)
California	4/1/17	\$2.00	\$2.87	-27.8%	+138.2%	\$1,074.6
Florida	7/1/09	\$1.00	\$1.339	-27.4%	+193.2%	\$828.8
Illinois	6/24/12	\$1.00	\$1.98	-31.2%	+39.0%	\$229.2
Maryland	1/1/08	\$1.00	\$2.00	-27.1%	+45.8%	\$126.9
Massachusetts	7/1/08	\$1.00	\$2.51	-20.3%	+32.2%	\$137.2
Massachusetts	7/31/13	\$1.00	\$3.51	-16.8%	+16.0%	\$86.2
Minnesota	7/1/13	\$1.60	\$2.83	-24.0%	+56.0%	\$204.1
Nevada	7/1/15	\$1.00	\$1.80	-33.1%	+51.6%	\$54.6
New Mexico	7/1/10	\$0.75	\$1.66	-7.8%	+67.5%	\$37.5
New York	6/3/08	\$1.25	\$2.75	-23.9%	+39.7%	\$375.4
New York	7/1/10	\$1.60	\$4.35	-24.8%	+18.8%	\$244.6
Oklahoma	7/1/18	\$1.00	\$2.03	-21.8%	+46.7%	\$109.9
Pennsylvania	8/1/16	\$1.00	\$2.60	-18.1%	+31.3%	\$314.3
Utah	7/1/10	\$1.005	\$1.70	-24.5%	+85.0%	\$47.0
Washington	5/1/10	\$1.00	\$3.025	-20.5%	+17.0%	\$62.0
Wisconsin	1/1/08	\$1.00	\$1.77	-15.0%	+93.9%	\$286.0

# Importance of Higher Tobacco Tax Rates

“...the tobacco industry has used a mixture of actions to alter the prices of their products, including a variety of price-reducing promotions, and that these actions attract price-sensitive populations such as youth to their products, as well as soften the price impact on consumers of increases in federal and state tobacco excise taxes.”

– 2014 Surgeon General’s Report  
*The Health Consequences of Smoking—50 Years of Progress*



WARNING: Cigar smoking can cause lung cancer and heart disease.

Enjoy  
**\$1.25**  
YOUR NEXT 5-PACK  
ANY STYLE FILTER TIP

ENJOY  
**Taste & Arom**



## Price Promotions, Discounts, and Coupons





# Most Common Tobacco Industry Arguments Opposing Tax Increases vs. The Truth

People are going to get their cigarettes in nearby states, so our state is going to lose money

Tax increases hurt poor people

Reduced tobacco sales means stores will go out of business and lose employees

Smuggling and an Illicit Market Will Impact Tax Collections

# Support Among New Mexico Voters

“How strongly would you favor or oppose an increase in the tax on tobacco products if the money was used to improve the public’s health?”

	2014	2016	2018	2020
Strongly Favor	49%	46%	47%	54%
Favor	27%	33%	28%	22%
Oppose	13%	13%	13%	8%
Strongly Oppose	11%	9%	12%	16%

# Support Among New Mexico Smokers

Currently, other tobacco products such as cigars, chewing tobacco, and e-cigarettes are taxed at a lower rate than cigarettes. Would you favor or oppose increasing the tax on these tobacco products to a level that would match the tax on cigarettes if the money was used to increase funding for health programs and education?

	2018	2020
Strongly Favor	25%	49%
Favor	39%	29%
Oppose	19%	6%
Strongly Oppose	16%	15%

# Taxing Other Tobacco Products

It is important to raise and equalize tax rates on all tobacco products to prevent initiation with or switching to tobacco products just because they cost or are taxed less.



# Synthetic Nicotine

- To skirt FDA regulations, companies began selling nicotine products made in the lab rather than of tobacco;
- A law passed by Congress gave makers of synthetic nicotine products until May 14 to apply to market these products. Companies that failed to get authorization by July 13 are selling the products illegally, according to the FDA;
- The FDA has not yet removed most products despite calls to do so from anti-tobacco groups and some lawmakers;
- The FDA said it has received applications for about 1 million synthetic nicotine products and will soon issue "refuse to accept" letters for those that don't pass muster.

# New Synthetic Nicotine Products

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Synthetic nicotine pouches sold in similar flavors to traditional tobacco products.

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Also, on the market are synthetic nicotine toothpicks, lozenges, and gums.

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Pouches contain different levels of nicotine strength - 1.5 mg, 2 mg, 3.5 mg, 4 mg and 8 mg.

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Flavors include citrus, coffee, mint, cinnamon, wintergreen, berry, menthol, peppermint, cool mint, smooth and chill

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These products are not to be confused with FDA approved cessation devices or anything of that nature.

# Nicotine Pouches

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# Nicotine Toothpicks

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# Prevention & Cessation Funding Declines

Prior to this fiscal year DOH received \$5,435,2000 for prevention & cessation

Because of reduced settlement \$\$\$ down to \$3,727,300 a cut to programs of \$1,707,900

CDC recommends New Mexico spend a minimum of \$22.8 million annually on prevention

# Closing The Racino Loophole

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Amend the Dee Johnson Clean Indoor Air Act to close The Racino Loophole.

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The Navajo Nation enacted its own clean indoor air act that bans smoking in all its three casinos.

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Most, if not all, tribal casinos in New Mexico have gone smoke free since reopening after the pandemic.



# FDA POISED TO REGULATE THE MAXIMUM AMOUNT OF NICOTINE IN CIGARETTES

FDA has called cigarettes “the only legal consumer product that, when used as it is intended, will kill half of all long-term users” – each year that number is 480,000 and costs \$300 billion a year in direct health care and lost productivity.

The proposed rule is expected to come out in May of 2023.

# FDA RELEASES PROPOSED RULES ON FLAVORING

- In April the FDA released its proposed rules to eliminate menthol cigarettes and eliminate all flavors in all cigars;
- Because of marketing, menthol has a disproportionate impact on African Americans – 83% of African Americans who smoke use menthol cigarettes; 48% Hispanic; 41.5% Asian; 31.6% White;
- Menthol is currently the preferred flavor among youth, with roughly half of teens who smoke reporting menthol cigarette use;
- Cigars are the second most popular tobacco product used by youth;
- Public comment taken through July 5, 2022.

# FDA DECISION TO DENY MARKETING ORDERS TO JUUL E- CIGARETTES

- On June 23, 2022, the FDA issued a marketing denial order to JUUL for their e-cigarette products including menthol-flavored e-cigarettes;
- JUUL must stop the sale and distribution of all products in the United States;
- By 2017, JUUL had become the most popular e-cigarette especially with young people even though their stated mission was to help adults stop smoking;
- In July, the FDA suspended its JUUL ban to gather more data



# The Ask

- Raise all tobacco taxes, including cigarette and e-cigarette taxes
- Amend the Tobacco Control Act to include synthetic nicotine
- Amend the Dee Johnson Clean Indoor Air Act to close The Racino Loophole.
- Tax synthetic nicotine products at parity with cigarette and e-cigarette taxes
- Restore funding for prevention & cessation programs





American  
Heart  
Association®



New Mexico Allied Council on Tobacco



Thank You!

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