



EMBARGO UNTIL 11:00AM, DECEMBER 14

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Study Shows Health Impact Fee on Tobacco Products Would Dramatically Reduce State Deficit, Save Lives

Revenues from impact fee would provide stable and reliable state revenue for years to come while reducing taxpayer burden for tobacco-related health care costs

LAS VEGAS—Implementing a health impact fee on tobacco products sold in Nevada would save the state more than half a billion dollars in tobacco-related health care costs over time while significantly helping to reduce the state's budget deficit, according to a new study released today by one of the world's foremost experts on the economic analysis of tobacco use and policy.

The study, conducted by Dr. Frank J. Chaloupka, distinguished professor of economics at the University of Illinois at Chicago, found that introducing a health impact fee on cigarettes and other tobacco products sold in Nevada would dramatically reduce the health care cost burden on taxpayers, provide a sustainable revenue source for the state, and significantly improve the health and well-being of all Nevadans.

Currently, Nevada spends \$565 million on tobacco-related health care costs, \$123 million of which is paid by the state through the Medicaid program. Dr. Chaloupka estimates that a decline of just one percentage point in adult smoking rates will save the state \$186 million in healthcare costs, including 22.3 million in state Medicaid costs over time.

"The reductions in smoking that typically occur after implementing health impact fees have been proven year after year to produce significant economic benefits, including additional state revenue, decreases in health care costs, and increased productivity in government and private sector workforces," said Dr. Chaloupka, who detailed the results of his study at a press conference today at Nevada Cancer Institute.

According to the study, imposing a \$1.20 health impact fee on cigarette packs and an equitable rate on other tobacco products is also estimated to achieve the following benefits:

- Generate nearly \$85 million in additional revenues for the state during the first year alone and approximately \$315 million over five years
- Prevent 21,800 youth from becoming adult smokers
- Encourage 16,300 adult smokers to quit
- Avoid 11,200 future smoking-related deaths
- Increase funding for tobacco prevention, control and disease-related research programs

Using data from this study as its foundation, a new statewide coalition called the Health Investment Partnership will advocate for the passage of new legislation next year that will address Nevada's budget crisis while saving lives in the process.

"The important take-away from Dr. Chaloupka's study is that Nevada can save money, reduce the state's

budget deficit, and save the lives of many Nevadans,” said Amy Beaulieu, American Lung Association’s Director of Tobacco Control Policy and member of the Health Investment Partnership. “We urge the state legislature to strongly consider introducing a health impact fee on tobacco products as a way to generate new revenue and to prevent kids from starting to smoke.”

According to the U.S. Centers for Disease Control and Prevention (CDC), smoking is the leading cause of preventable deaths in the United States and is estimated to be responsible for \$565 million in direct health costs and \$903 million in lost productivity in Nevada alone.

Dr. John C. Ruckdeschel, director and CEO of Nevada Cancer Institute, says the study lays out a common-sense approach to improving not only the financial health of our state, but the well-being of residents as well. “The costs of smoking are pervasive,” said Dr. Ruckdeschel, who is also a world-renowned lung cancer specialist. “It harms nearly every organ of the body and increases health care costs dramatically. As a society, we are overburdened by the consequences of smoking, and a health impact fee could significantly decrease both the fiscal and physical impact on Nevadans.”

About the Health Investment Partnership

Health Investment Partnership is a statewide coalition of public health organizations, health care agencies, nonprofit organizations and tobacco control advocates who support introducing a health impact fee on cigarettes and other tobacco products to help reduce Nevada’s budget deficit and save lives. The campaign is comprised of health organizations including the American Lung Association, American Heart Association, American Cancer Society, Campaign for Tobacco-Free Kids, Nevada Cancer Institute, March of Dimes, and the Nevada State Medical Association.

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Editor’s note: The study is accessible at www.tobaccofreenv.org