



TO: Senate Committee on Finance

FROM: American Cancer Society Cancer Action Network, American Lung Association, American Heart Association, Campaign for Tobacco-Free Kids

DATE: March 24, 2026

**RE: Comments on House Bill 7127
Article 5 of the Governor's Proposed Fiscal Year (FY) 2027 Budget**

Our organizations are thankful for the opportunity to provide comments on the Governor's Proposed FY 2027 Budget – Article 5, and the Governor's Proposed Budget Amendment #5. We appreciate Governor McKee for his continued commitment to improving the health and safety of all Rhode Islanders and for considering tobacco taxes as a tool to address our state's revenue needs. **As public health organizations, we must encourage the Committee to build further on this proposal by increasing the cigarette tax by \$1.00 per pack, increasing the tax on all tobacco products to an equivalent rate and dedicating additional funds to Rhode Island's tobacco prevention and control programs.**

Tobacco use remains the single largest preventable cause of disease and premature death. More than 16 million Americans are living with a disease caused by smoking. Smoking causes cancer, heart disease, stroke, lung diseases, diabetes, and chronic obstructive pulmonary disease (COPD), which includes emphysema and chronic bronchitis.ⁱ As lung cancer remains the top cancer killer in the state, tobacco continues to claim the lives of 1,800 Rhode Islanders each year.^{ii, iii} Unfortunately, Rhode Island is on the wrong path when it comes to tobacco use. Currently, around 10% of adults smoke and 17.3% of high school students in Rhode Island use tobacco products.^{iv}

In addition to the lives lost, smoking causes significant monetary costs in Rhode Island. Annual health care costs in Rhode Island directly caused by smoking amount to \$744 million, including \$233 million in Medicaid expenses related to smoking each year. The state and federal tax burden from smoking-caused government expenditures is \$1,198 per Ocean State household. Finally, smoking-caused productivity losses in Rhode Island accounted for \$1.1 billion just last year.^v In addition to the catastrophic health impacts of tobacco use, there is a clear economic impact on Rhode Island also present.

Unless tax rates are consistent across tobacco products, the lesser cost products become even more appealing to price-sensitive consumers like kids. By increasing the tax on all tobacco products to an equivalent rate, states can help reduce tax evasion, generate more new revenue, prevent initiation of these products, and ensure that more people who use tobacco quit completely instead of switching to a cheaper product.

To improve Rhode Island’s tobacco prevention and cessation infrastructure and curb adult smoking and youth initiation, we must prioritize a comprehensive evidence-based approach to taxation by:

- Increasing the per-pack tax on cigarettes by at least \$1.00 (generating *\$9.56m in projected revenue*)
- Removing the cigar tax cap (currently \$0.50/cigar)
- Raising the tax rate on electronic cigarettes to 80% of wholesale price and eliminating the volume-based component currently in place
- Changing the tax on “snuff” products to 80% of wholesale price

Increasing the price of tobacco products, including e-cigarettes through taxation is one of the most successful ways to keep youth from starting to use tobacco and help adults quit, saving lives and healthcare costs along the way. While significant cigarette tax increases effectively reduce adult smoking and prevent youth initiation, data indicates that smaller increases simply raise more money for the state without measurably improving public health. A \$1.00 per pack increase in Rhode Island’s cigarette tax would reduce youth smoking by nearly 7%, help 1,800 adults who smoke quit, and save 500 lives. Additionally, this cigarette tax increase would save Rhode Island \$28.25 million in long term health care costs and generate \$9.56 million in new annual revenue.

Finally, Rhode Island must establish sustainable funding for tobacco prevention and cessation programs at levels that meet or exceed Centers for Disease Control and Prevention (CDC) recommendations. Comprehensive tobacco prevention and cessation programs are a proven, cost-effective method of preventing kids from starting to smoke, preventing e-cigarettes and nicotine pouches from addicting a new generation of kids, and helping adults quit smoking.

Despite collecting over \$156 million in tobacco-related revenue, our state invests just \$793,114 in prevention and cessation for FY 2026.^{vi} We must do more. The CDC recommends that Rhode Island spend \$12.8 million annually, leaving significant room for improvement. In fact, Rhode Island ranks a disappointing 41st in the country in funding programs that prevent kids from starting to use tobacco and help people who are already addicted quit.^{vii} With the consistent and ongoing threat of the loss of federal funds supporting state tobacco prevention and cessation efforts, we are at risk of falling even further behind. We must step up our game when it comes to combatting Big Tobacco, since tobacco companies are spending over \$27 million to promote their deadly and addictive products right here in Rhode Island.^{viii} Adequately funding tobacco prevention and cessation work in the Ocean State is critical to countering these efforts.

Raising and equalizing tax rates across all tobacco products will save lives, reduce overall tobacco use, reduce health care costs for the State and private insurers, and will generate revenue for Rhode Island. Once again, we appreciate the Governor’s continued commitment to improving

the health and safety of all Rhode Islanders and look forward to working with him and the legislature to enact evidence-based tobacco prevention and cessation measures into law.

Please feel free to contact us for any additional questions or information.

Thank you for your consideration.

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ⁱ U.S. Department of Health and Human Services. (2014). The Health Consequences of Smoking — 50 Years of Progress: A Report of the Surgeon General. Retrieved from <https://www.ncbi.nlm.nih.gov/books/NBK179276/>

ⁱⁱ American Cancer Society. Cancer Facts & Figures 2026. <https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2019/cancer-facts-and-figures-2019.pdf>

^{iii, iv, v} Campaign for Tobacco Free Kids. The Toll of Tobacco in Rhode Island. Updated December 15, 2025. http://www.tobaccofreekids.org/facts_issues/toll_us/rhode_island

^{vi} American Lung Association. State of Tobacco Control – Rhode Island. January 27, 2026. <https://www.lung.org/research/sotc/state-grades/rhode-island>

^{vii} Campaign for Tobacco Free Kids. A State-by-State Look at the 1998 Tobacco Settlement 25 Years Later. Updated January 10, 2024. <https://www.tobaccofreekids.org/what-we-do/us/statereport/>

^{viii} Campaign for Tobacco Free Kids. The Toll of Tobacco in Rhode Island. Updated December 15, 2025. http://www.tobaccofreekids.org/facts_issues/toll_us/rhode_island