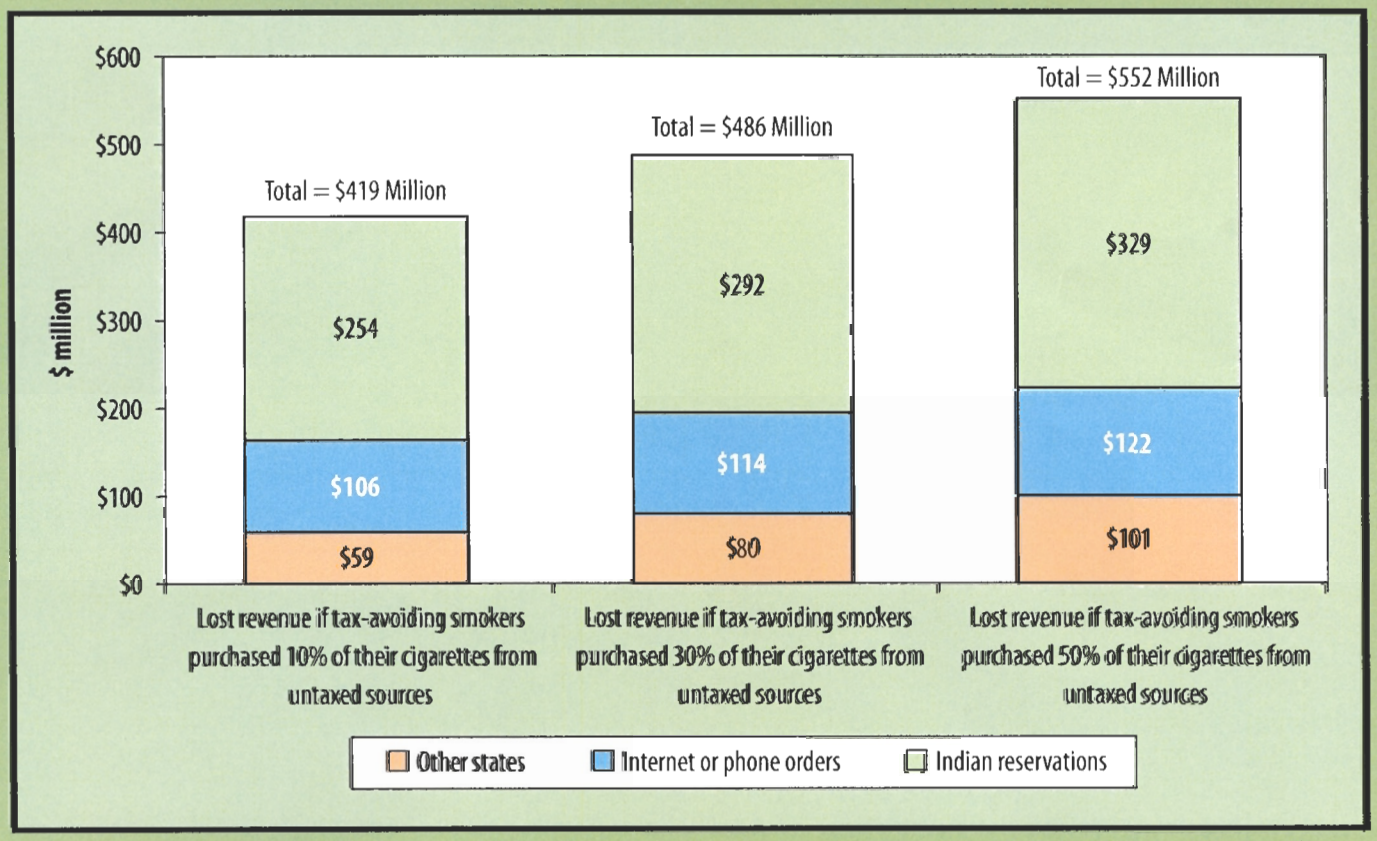
HEALTH AND FINANCIAL IMPACT OF NOT PAYING CIGARETTE TAXES

New York smokers avoid paying cigarette taxes by purchasing cigarettes from Indian reservation stores, over the Internet, and from other out-of-state sources. The health and financial impact to the state of New York of not collecting this tax include:

- Thirty-seven percent of New York smokers report purchasing cigarettes from low price (mainly untaxed) sources "all the time" or "sometimes."
- Purchase of lower price cigarettes is associated with reduced intentions to quit smoking and fewer attempts to quit smoking.
- If all smokers paid the average retail price for cigarettes (including the excise tax), the current prevalence of smoking would be 2 to 3 percent lower, representing between 51,026 and 76,539 fewer adult smokers in New York.
- Revenue lost to the state as a result of purchasing low price (mainly untaxed) cigarettes is estimated to be between $436 million and $576 million in 2004.

Estimated Lost Revenue in New York State in 2004 from Tax Avoidance



Source: RTI International (RTI). February 2006. *Cigarette Purchasing Patterns Among New York Smokers: Implications for Health, Price, and Revenue.* Final Report prepared for the New York State Department of Health.