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Smoking Ban and Smoking Taxes

In November 2007 the Kansas Health Policy Authority (KHPA) published its 21-point reform plan to reform health care in Kansas. Now that the legislative session has begun there has been some movement towards the implementation of the reforms. A group of senators introduced a smoking ban last week for consideration in the legislature, the first of a projected three bills to be submitted on the recommendation of the KHPA.

Backed by Governor Kathleen Sebelius and Republican Senator Jim Barnett, there is probably support for the smoking ban in the legislature. Many states have passed smoking bans as a way of signifying their commitment to prevent the hazards of second-hand smoke from impacting other people who come into contact with smokers at restaurants, bars or other public areas.

But consider this, especially if you run your own business and have a stake in providing services to consumers. A ban on smoking in a bar or restaurant may cost you business. A ban on smoking in state-owned casinos created by legislation in last year's session and endorsed by the governor as a revenue enhancer for Kansas may wind up actually costing the state revenue. There are many Indian nation casinos in Kansas and Oklahoma which are but a few hours from big metropolitan areas such as Wichita and Kansas City. The Indian casinos won't be affected by the state ban. If the state bans smoking in public buildings, what is to stop many Kansans from crossing the border in order to have a smoke while gambling?

The bigger issue involved with the ban concerns individual liberty—even if others consider them to be poor choices. If a business owner wants to serve people who smoke, as well as those who don't, that's the business owner's choice. Why is it the government's business who smokes in a private establishment? People who don't want to be around smoking can choose to take their money to establishments which ban smoking by choice.

Government wants to remove all risk from individual lives and they do so in the most hypocritical way possible—reducing smoking saves money in health care costs they say (which can then be spent on something else). The government then proposes a tax increase on cigarettes to fund health care reforms. Cost is the biggest issue being focused on in this debate. Recently some doctors were reported to suggest that lifelong smokers with chronic diseases related to smoking and elderly patients who need liver transplants after drinking liquor their entire lives might be better off being denied treatment. Is this what we can expect when costs trump compassion?

There is another consideration at stake in the KHPA reforms. The KHPA and the governor have proposed a 50 cent per pack cigarette tax to fund other health proposals. This would raise the state cigarette tax to \$1.29 per pack. Another proposal will add an additional 57 percent tax hike on other tobacco products.

Kansas already taxes cigarettes at 79 cents per pack. Missouri charges 17 cents per pack tax on cigarettes. Fully one-third of the state's population lives within an easy drive of Missouri which will see a marked increase in revenue for their state coffers if Kansas increases its cigarette tax. Smokers who live close to Missouri will be able to cross the border and continue to get smokes. Missouri convenience store owners are probably lobbying the state legislature to raise tobacco taxes—in Kansas.

The tax will fall disproportionately on Kansans in the rest of the state. The proposed cigarette tax is really a tax on central and western Kansas. Individual smokers there will be

forced to pay the increased tax. I have no doubt that the the KHPA is sincere in their desire to get people to quit smoking; but if more smokers kick the habit they stop paying the tax. If they aren't smoking anymore who will fund health care reforms? The goal of the tax is to secure a \$60 million revenue stream to fund additional health care money for the poor. If smoking is reduced and the legislature passes further health care reforms where will the money come from to fund them? Pressure will mount to tax Kansans directly to fund these costs. You can count on that.

Sin taxes on cigarettes and liquor are always popular. But a tax is a tax is a tax. And if a tax increase on cigarettes can pass the legislature to fund health care, then expect in the future as smoking declines and one source of revenue dries up, that pressure will mount to have another tax to fund yet more government run health care. That's the type of cost benefit analysis government health care advocates truly understand.

Gregory L. Schneider is a Senior Fellow with the Kansas-based Flint Hills Center for Public Policy. A complete bio on Dr. Schneider can be found at <http://www.flinthills.org/content/view/24/39/>, and he can be reached at greg.schneider@flinthills.org. To learn more about the Flint Hills Center, please visit www.flinthills.org.

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