

February 18, 2026

## Testimony on FY 2027 New York State Executive Budget

Dear Chairs and Members of the New York Legislative Budget Hearing,

As a consumer advocacy group that fights for lifestyle freedom, innovative technologies, and smart policy, we appreciate this committee's willingness to hear public comment on such important issues. We believe it's crucial to implement evidence-based policies to reduce the smoking-related illnesses and deaths and are concerned with the unintended consequences that New York will face if the proposed 75 percent excise tax on alternative nicotine products is implemented.

While a 75 percent excise tax on oral nicotine pouches may increase revenue in the short term, we believe that any boost in revenue will be undermined by consumers moving to purchase these products in the illicit market or out of state, or offset by the increase in government expenditures regarding smoking related illnesses.

Enacting a proposed 75 percent excise tax on oral nicotine pouches and additional taxes onto vapor products will lead to higher prices for adult consumers, potentially pushing many former smokers to switch back to smoking combustible tobacco and discouraging current smokers from moving towards nicotine alternatives that are less harmful. Additionally, it could embolden the illicit market to fill the demand for cheaper products and shift where adult consumers purchase these products, meaning the tax revenue for the state from these products could decrease.

Rhode Island is a great case study in consumer behavior when a high excise tax is imposed. In October 2025, Rhode Island enacted an 80 percent tax on oral nicotine pouches which significantly increased the costs of these products for consumers, often doubling the retail price. As a result, oral nicotine pouch sales fell by 23 percent in the state, while jurisdictions that border Rhode Island saw an increase in sales by 30 percent.

New York's tobacco tax revenue in particular has been shrinking for years. Collections [dropped](#) from about \$1 billion in 2021 to roughly \$793 million last year, creating a 21 percent decline. Perhaps related, New York has the second-highest cigarette smuggling rate in the country. According to data from 2023, the [smuggling rate](#) in New York was 51.82 percent for cigarettes, often bought out of state and transported in from lower-tax states, effectively creating a tax loss of an estimated \$812 million the state will never see.

Considering that [28,200](#) New York residents tragically lose their lives to smoking related illnesses every year, the state should embrace policies that incentivize adults who smoke combustible tobacco to switch to less harmful nicotine alternatives. This could also help reduce the \$7.12 billion in Medicaid costs caused by smoking in the state, and help reduce the \$1,586 annual tax burden per household for smoking-caused government expenditures. Implementing a higher tax might seem like an easy short-term solution to increase revenue for the state, however this will backfire in the long run as smoking-related healthcare costs will continue to rise unless smarter policies are put into effect.



The Food and Drug Administration has authorized 26 different oral nicotine pouch products and 39 e-cigarette/vapor products as they found these products were “appropriate for the protection of public health”. These authorizations are based on data showing that benefits outweigh potential risks, including youth initiation, in accordance with the 2009 Family Smoking Prevention and Tobacco Control Act. It’s important for New York’s tax policy to reflect the risk continuum of these products.

It’s crucial that nicotine alternatives that are less harmful than combustible tobacco, such as oral nicotine pouches and e-cigarettes, are available to adult consumers at competitive prices. Embracing legislation to ensure a variety of products are available on market, in differing flavors and nicotine strengths, and with little to no taxes, will help incentivize current individuals who smoke to move away from combustible tobacco and minimize their risk.

Our goal should expand adult’s choices to quit combustible tobacco. Sweden is a great example as to how smart nicotine policies reduce smoking related deaths and illnesses. They [kept taxes low](#) on nicotine alternatives, while also allowing a full range of flavors for adult consumers. As a result, Sweden has [reduced](#) its smoking rates two times faster than any other country in the European Union and smoking rates have declined by 55 percent in the last decade. Additionally, smoking-related deaths are 22 percent lower in Sweden than the European Union average and cancer incidence is 41 percent lower than in the rest of Europe, with total deaths from cancer being 38 percent lower. These types of policies have put Sweden on track to become the [first smoke-free country](#).

While this bill may be well-intentioned, the proposed 75 percent tax on oral nicotine pouches and vapor products is simply misguided as the unintended consequences would only exacerbate negative public health outcomes in New York, making this particular proposed excise tax unviable.

Our policies must be fair, just, and based on scientific evidence. I believe this body, composed of diverse legislators from the entire state, can help make that determination for the residents who depend on you to protect their consumer choice. **We urge you to vote against the 75 percent excise tax on oral nicotine pouches and increased tax on vapor products within the FY 2027 New York State Executive Budget.**

Thank you for your consideration on this matter.

Respectfully,

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