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STATEMENT FROM THE BUSINESS COUNCIL OF WESTCHESTER

RE: Part K of S.9009/A.10009 (TED) to Impose a 75% Tax on Alternative Nicotine Products

Submitted by John Ravitz, Executive Vice President/COO
February 25, 2026

On behalf of the Business Council of Westchester (BCW), the county's largest business membership organization focusing on economic development and advocacy with over 1000 members, I am writing to voice our strong opposition to Part K of S.9009/A.10009 (TED) to impose a 75% tax on alternative nicotine products.

The BCW recognizes the intent of this proposal and supports the State's efforts to encourage healthy lifestyles for New Yorkers. However, if enacted, this proposal will have an adverse impact on the health of New Yorkers and disproportionately burden low-income communities. Part K would erect a significant financial barrier to smoke-free alternatives that help people transition away from combustible cigarettes.

Under the Biden Administration, the FDA authorized nicotine pouch products such as ZYN following an extensive, multi-year evaluation, with the agency explicitly recognizing their public-health benefit as cigarette alternatives. Penalizing these products through excessive taxation directly undermines harm-reduction goals and public health progress. It could also reinforce a common misconception that all tobacco and nicotine products are equally harmful, when according to the World Health Organization and all leading medical authorities, nicotine is not carcinogenic.

Imposing a 75% tax on nicotine alternatives, such as oral nicotine pouches, is intended to disincentivize new users, but would also disincentivize adult smokers from switching to a product that would be better for them. The tax will nearly double the price of most nicotine pouches, almost equaling the price of a pack of combustible cigarettes. This will be especially harmful to lower-income communities where smoking is most prevalent. Smoking is an addiction and should be treated as such when developing effective approaches to encourage cessation. Nicotine pouches are an affordable and accessible tool that could help New York's 1.4 million adult smokers convert to a reduced risk alternative. Considered through the lens of harm reduction, they can serve as a useful resource in improving public health. Imposing a tax on these products will create a new financial barrier for the very people who this proposition intends to help.

Concerns about youth access have also been raised in connection with this proposal. Without question, protecting young people—preventing and lowering their use of these products—is paramount, however, this tax would have little to no impact on youth usage rates. Since the national purchasing age for tobacco products was raised to 21 in 2019, there have been dramatic reductions in youth tobacco use. The National Youth Tobacco survey found that only 1.8% of young people have reported using oral nicotine

pouches. Greater emphasis should be placed on youth education initiatives and strict enforcement against retailers who illegally sell these products to minors, rather than limiting adult access to essential harm reduction products.

Another challenge with this proposal is it would accelerate the growth of illicit marketplaces. When products are excessively taxed or banned, criminal networks quickly fill the gap by undermining the law, evading taxes, harming small businesses, and selling products at below-market prices with no regard for age restrictions. New York is already experiencing this firsthand, as illicit e-cigarettes and unauthorized tobacco products flood the State, bypassing regulation, eroding tax revenue, and increasing risks to consumers and communities while ignoring the legal requirement to sell only to adults 21 and over.

While this tax is intended to backfill Medicaid funding cuts, it risks driving healthcare costs even higher. While the State projects roughly \$50 million in new revenue, smoking already costs Medicaid \$7.12 billion annually, a figure likely to rise if excessive taxes push adult smokers away from less harmful alternatives. If reducing Medicaid costs is the goal, the State should maintain lower tax rates on nicotine alternatives. This has proven to be a more effective strategy in other countries and communities. Sweden for example has reduced its smoking rate to 5.6% by maintaining lower taxes and allowing adult access to nicotine alternatives, cutting smoking twice as fast as any other EU country. Adopting a similar approach in New York could lower Medicaid costs, improve public health, and make New York more affordable for all of its residents.

Lastly, we must underscore the enormous financial burden adult smoking places on New York's employers and taxpayers. Smoking costs the State and employers more than \$12 billion annually in healthcare expenses, including over \$7 billion in Medicaid costs. It also drives an additional \$18.2 billion in lost productivity each year. Imposing excessive taxes that restrict access to affordable, smoke-free alternatives will only exacerbate these costs—harming employers, the workforce, and the State's economy rather than improving public health.

This proposal would be a tax on the very people it aims to assist, creating an unaffordable barrier to what could be crucial smoke-free harm reduction tools.

For these reasons, the BCW respectfully urges lawmakers to reject Part K of S.9009/A.10009 (TED)