

CALIFORNIA STATEWIDE LAW ENFORCEMENT ASSOCIATION

2029 H STREET, SACRAMENTO, CALIFORNIA 95811 CSLEA.COM

PH. 916.447.5262
800.522.2873
FAX 916.889.8289



July 9, 2020

The Honorable State Senator Jerry Hill
and Honorable Members of the State Assembly Health Committee

Sent via Electronic and Hard Copy Delivery

Re: *SB 793 (Hill): Flavor Ban – OPPOSE*

Dear Senator Hill and Members:

The California Statewide Law Enforcement Association and others are writing today to, respectfully, indicate our opposition to your SB 793. Law Enforcement Associations have for some time opposed tax increases and bans in tobacco. We have found they increase revenue to the cartels and illegal operators which fuel their nefarious activities (Drugs, Human Trafficking, Laundering, Etc.).

While we are sure your goals are well intended, the 100% ban on menthol cigarettes and flavored tobacco (exception for hookah) products to adults makes impracticable sense and it will multiply an already large illegal market in California, reward criminal smugglers, and cost California businesses, workers, and taxpayers billions of dollars.

Banning Flavored Products Will Further Criminal smuggling and tax evasion problems:

- California is the second most prolific state for cigarette smuggling today. It's number one from a revenue impact perspective.¹
- California has a massive illegal market. Today about 45% of all cigarettes consumed in California are smuggled in from elsewhere, draining more than \$1.85 billion in tax revenues and undermining tobacco regulation. We have less and less federal, state, county and local peace officers for interdiction in this area when so many larger issues are pressing and at governments request.
- Banning flavored tobacco products – including menthol cigarettes – will not end the sale of these products in California. It will simply mean (as with tax increases) criminal networks – already smuggling and dealing illicit products to California – will feed the demand, and continue to do so without paying taxes, without checking ID, and without following any other rules or regulations.
- Why make the crime and the contraband problem in California worse? Why continue to strain law enforcement at the worst possible time as a practical effect?

¹ <https://www.mackinac.org/smokes>. Related Mackinac Center articles: <https://www.mackinac.org/updated-research-quantifies-relationship-between-cigarette-taxes-and-smuggling>; <https://www.mackinac.org/strong-link-between-cigarette-tax-and-illegal-smuggling-rates>.

SB 793 puts at least \$407 million at risk in state and local tax revenue over the next two fiscal years, according to the state², and over \$1 billion over four years when fully implemented. We have law enforcement defunding discussions of bona fide union members plus strained and depleted budgets at all levels of government. This is at a time when California state and local governments are dealing with projected budget shortfalls due to the COVID 19 pandemic and cannot afford more cuts or decreases.

- The Tax Foundation³ expects higher revenue losses, with just the banned cigarettes products resulting in state revenue reductions of nearly \$1.8 billion over four years. The impact on state programs that benefit from just cigarette excise tax revenue could be disruptive.
- In addition to the state cigarette excise tax revenues, the proposed flavor ban would also reduce excise tax collections from other tobacco products and the state sales tax applied to the purchase of cigarettes and other tobacco products. Including the loss of these revenue sources, if all flavored tobacco products are banned in California, the state risks the loss of billions in revenue moving forward. This decline in resources could mean either cuts in government services or further tax increases.

Please join with the California Statewide Law Enforcement Association and Oppose SB 793.

Sincerely,

A handwritten signature in black ink that reads "Alan W + B" followed by a long horizontal flourish.

Alan Wayne Barcelona
Statewide President
California Statewide Law Enforcement Association (CSLEA)

² SB 793 Senate Appropriations Fiscal Note, 2019-2020 Regular Session, version May 5, 2020

³ <https://taxfoundation.org/banning-flavored-tobacco-unintended-consequences/>