

Orange County Cops



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 Orange County Coalition of Police and Sheriffs (OC Cops) 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 on tobacco. We have found they increase revenue to the cartels and illegal operators which fuel their nefarious activities (drugs, human trafficking, laundering, etc...).

While I'm 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 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/smokes. Related Mackinac Center articles: https://www.mackinac.org/smokes. Related Mackinac Center articles: https://www.mackinac.org/strong-link-between-cigarette-tax-and-illegal-smuggling-rates.

Association of Orange County Deputy Sheriff's, Anaheim Police Association, Costa Mesa Police Officers Association, California Statewide Law Enforcement Association, Cypress Police Officers Association, Fountain Valley Police Officers Association, Fullerton Police Officers Association, Garden Grove Police Officers Association, Huntington Beach Police Officers Association, Irvine Police Association, La Habra Police Officers Association, Laguna Beach Police Employees Association, Los Alamitos Police Officers Association, Newport Beach Police Employees Association, City of Orange Police Officers Association, Placentia Police Officers Association, Santa Ana Police Officers Association, Tustin Police Officers Association, Westminster Police Officers Association

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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.

- Per one source: 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 numerous Law Enforcement Associations and "OPPOSE" SB 793.

Sincerely,

Peter W. Mitchell

Peter W. Mitchell Executive Director Orange County Coalition of Police and Sheriffs (OC Cops)

For: Alan W. Barcelona, 2020 Chairman

Association of Orange County Deputy Sheriff's, Anaheim Police Association, Costa Mesa Police Officers Association, California Statewide Law Enforcement Association, Cypress Police Officers Association, Fountain Valley Police Officers Association, Fullerton Police Officers Association, Garden Grove Police Officers Association, Huntington Beach Police Officers Association, Irvine Police Association, La Habra Police Officers Association, Laguna Beach Police Employees Association, Los Alamitos Police Officers Association, Newport Beach Police Employees Association, City of Orange Police Officers Association, Placentia Police Officers Association, Santa Ana Police Officers Association, Tustin Police Officers Association, Westminster Police Officers Association

 $^{^{\}rm 2}$ SB 793 Senate Appropriations Fiscal Note, 2019-2020 Regular Session, version May 5, 2020

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