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## **FUND NEW JERSEY'S COMPREHENSIVE TOBACCO CONTROL PROGRAM (CTCP)**

New Jersey GASP (GASP) is a 35+ year-old nonprofit, educational organization with the goals of smokefree air for nonsmokers and tobacco-free lives for children. GASP is a grantee of the New Jersey's Comprehensive Tobacco Control Program ("CTCP").

New Jersey is a national leader in emerging trends in tobacco control legislation, policy, education, prevention and cessation. Our state has one of the most comprehensive smokefree air laws in the nation. New Jersey's legislature was the first in the nation to ban the use of electronic cigarettes in public places and workplaces, to mandate smokefree dormitories for all college students, and to implement a ban on almost all flavored cigarettes. New Jersey raised the age for sale of tobacco from 18 to 19, and is now in the process of considering outdoor smokefree recreational areas for children. New Jersey has the 3<sup>rd</sup> highest cigarette tax in the nation.

This progress is in good part due to cooperative educational outreach by the State's CTCP, and its grantees, partners and services. For example, New Jersey's CTCP-funded UMDNJ Tobacco Dependence Program is one of only three centers in the nation that offers specialized smoking cessation training. More than 10,000 New Jersey teens are members of CTCP-funded REBEL, a youth-led movement to promote tobacco-free lives.

CTCP's work on tobacco control for New Jersey needs to continue. Tobacco is the #1 cause of preventable death and disease; the State spends \$6 billion per year in smoking-related health costs and lost productivity. The teen smoking rate remains higher than the adult smoking rate; New Jersey teens smoke 17 million packs of cigarettes per year. Smoking persists in certain workplaces and public places in our State. Children and the elderly continue to be exposed to secondhand smoke in the home, causing grave health problems. Tobacco taxes vary greatly, depending on the type of product. Licensing fees to sell cigarettes are extremely low, and non-existent for other types of tobacco products.

Without New Jersey's CTCP, these services and educational outreach will cease, setting New Jersey backwards, and losing years of institutional knowledge and momentum.

## **\$119.8 million investment, per CDC recommendation**

The New Jersey CTCP is currently funded at just over \$7.5 million, which is under 6% of what the \$119.8 million recommended by Centers for Disease Control.<sup>1</sup> Several years ago, the CTCP was funded at \$30 million. Since then, funding for the CTCP was cut by two-thirds, down to \$11 million, and cut again, to its current level of \$7.5 million. In years past, due to New Jersey reducing CTCP funding, New Jersey's state ranking for funding tobacco control dropped from a high of 11<sup>th</sup> place, down to a low of 38<sup>th</sup> place, among other U.S. states.<sup>2</sup> Cutting 100% of CTCP funding will cast New Jersey's ranking as last, in 50<sup>th</sup> place.

Past New Jersey budget cuts resulted in massive cuts to CTCP programming, which now operates at a 'bare bones' level. For example, two-thirds of New Jersey's state-funded tobacco dependence treatment centers lost state funding, directly resulting in a loss of treatment services available to smokers who want to quit. In 2003, New Jersey had 15 state-funded centers; now there are only seven state-funded centers. Eliminating CTCP funding will eliminate the QuitCenters' services to help smokers quit smoking. Thousands of smokers who have used or use CTCP quit program will no longer have access.

CTCP's media budget was also eliminated due to the budget cuts. This resulted in fewer people being aware of, and participating in, New Jersey's state-funded tobacco dependence treatment services (Quit Centers, QuitLine and QuitNet). Meanwhile, the tobacco industry spends over \$230 million in New Jersey to market tobacco.<sup>3</sup>

Even though New Jersey's CTCP is only funded at \$7.5 million, it produces results. CTCP reduces the state's healthcare costs over time, and more importantly, CTCP saves thousands of lives. \$967 million of New Jersey's \$3.17 billion spent on smoking-related health care costs is paid for by the State's Medicaid program.<sup>4</sup> 70% of smokers want to quit, and the CTCP programming facilitates smoking cessation, helping to save money in health care costs. New initiatives to create smokefree public housing are successful.

We suggest a unique solution to replace CTCP's current funding source. 80% of New Jersey's cigarette licensing fees are currently earmarked for CTCP. Restructuring cigarette licensing fees can easily produce more than \$7.5 million to fund CTCP. Here's how:

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<sup>1</sup>[http://www.cdc.gov/tobacco/tobacco\\_control\\_programs/stateandcommunity/best\\_practices/00\\_pdfs/2007/BestPractices\\_SectionC\\_BudgetsByState.pdf](http://www.cdc.gov/tobacco/tobacco_control_programs/stateandcommunity/best_practices/00_pdfs/2007/BestPractices_SectionC_BudgetsByState.pdf)

<sup>2</sup><http://tobaccofreekids.org/research/factsheets/pdf/0219.pdf>

<sup>3</sup><http://tobaccofreekids.org/research/factsheets/pdf/0201.pdf>

<sup>4</sup><http://www.tobaccofreekids.org/reports/settlements/toll.php?StateID=NJ>

## **Revenue Generating Suggestions for Restoring the CTCP Funding:**

### **1. Increase the annual tobacco related licenses fees**

New Jersey's cigarette tax is one of the highest in the nation at \$2.70 per pack. Yet New Jersey's cigarette retail licensing fee of \$50 is extremely low, and nonexistent for other tobacco products. The annual retail license to sell cigarettes in New Jersey has not increased from \$50 since 1997 (N.J. STAT. ANN. § 54:40A-4). In contrast, a municipal license fee for the retail sale of alcoholic beverages can cost up to \$2,500 per retailer.

Currently, all licenses relating to cigarette sales generate only \$716,875 in revenues per year, for New Jersey. Raising fees for all cigarette licenses (retail, vending, wholesale distributor, manufacturer, and manufacturer representative) could boost annual cigarette licensing revenues to more than \$15 million. These proposed fees would help to offset the costs of running CTCP programs, including New Jersey's seven Quit Centers. In addition, creating a licensing fee structure for Other Tobacco Products (OTPs) would generate millions of dollars that can fund CTCP at an appropriate level. See attached document on licensing fees, for more details on the breakdown to create more than \$15 million in new revenues.

### **2. Restore the wholesale tax to 48%, on cigars/Other Tobacco Products**

The tax on cigars and Other Tobacco Products (OTPs) was rolled back several years ago, from 48% to 30% of wholesale (N.J. STAT. ANN. § 54:40B-1 et. seq.). Restoring that tax to 48% could generate additional revenue up to \$7 million, part or all of which could be used to fund CTCP. A better public health strategy to incent smokers to quit, is to have all consumer tobacco pricing the same for both OTPs and cigarettes.

### **3. Increase the cigarette tax to fund Charity Care and CTCP**

Raising the state cigarette tax can raise money for the General Fund, which can be applied to Charity Care and the CTCP. A 42.5 cent increase per pack of cigarettes, which would tax cigarettes at \$3.00 per pack, can raise \$54.5 million in tax revenues. A 50 cent increase can yield \$64.3 million in tax revenues. A 75 cent increase can raise \$93.6 million, and a \$1.00 increase per pack can raise \$117.1 million.<sup>5</sup> And, raising the cost of cigarettes helps smokers to quit, which saves lives.

Thank you again for your time, and please contact us if we can provide further information.

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<sup>5</sup> <http://www.TobaccoFreeKids.org/research/factsheets/pdg/0146.pdf>