

# FORMAL TESTIMONY: NEW YORK STATE LEGISLATURE HEARING ON TOBACCO TAXATION AND PUBLIC SAFETY

**DATE:** February 13, 2026

**TO:** Honorable Members of the New York State Legislature

**FROM:** Eric B. Hawk, Subject Matter Expert in Global Security & Anti-Illicit Trade

**SUBJECT:** The Impact of Proposed Oral Pouch Taxation on Illicit Trade and Public Health

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## I. INTRODUCTION & CREDENTIALS

Distinguished members of the panel, thank you for the opportunity to testify. My name is Eric B. Hawk. I appear before you as an expert in global security and illicit trade, with over 25 years of experience in law enforcement and international affairs.

As a former Law Enforcement Officer in the State of Florida, Liaison to NATO and security and investigations expert with the United Nations, I have specialized in dismantling global organized criminal networks. In the private sector, I spearheaded operations that led to the seizure of **5.6 billion illicit cigarettes** in the Americas, and **\$8 million in counterfeit devices** within the United States, the majority were seized here in the great State of New York. I am here today to share my perspective on how tax policy directly dictates the scale of illicit trade and the safety of our communities.

## II. TAXATION AS A DRIVER OF ORGANIZED CRIME

New York currently faces a critical challenge: it holds one of the highest cigarette taxes in the nation, which has resulted in an illicit market that accounts for **over 50% of the state's consumption**. This black market costs the state approximately **\$1 billion annually** in lost revenue.

As I saw in the "Cheap White" cigarette smuggling routes I investigated throughout the Americas, criminal organizations are highly agile. If New York creates a significant price gap for pouches, these same syndicates will flood the market with unregulated, counterfeit, and potentially dangerous "black market" pouches to meet demand.

When taxes on reduced-risk products (RRPs)—such as oral pouches—are raised to near-combustible levels, the state creates an "economic vacuum" that organized crime is eager to fill. My experience in global conflict zones and domestic investigations shows that criminal syndicates are highly responsive to price differentials. High taxes on non-nicotine and nicotine pouches will not stop consumption; they will simply shift it from licensed, tax-paying retailers to unregulated street-level bad actors.

### III. THE PRINCIPLE OF RISK-PROPORTIONATE REGULATION

A science-led approach to a healthier New York requires **Risk-Proportionate Taxation**. This model ensures that the most harmful products (combustibles) are taxed most heavily, while lower-risk alternatives (oral pouches) remain financially accessible to adult smokers seeking an "off-ramp" from cigarettes.

Imposing a 75% wholesale tax on oral pouches (as proposed in current legislative discussions) eliminates the financial incentive for harm reduction. This policy forces the state's 565,000 adult smokers to choose between expensive legal alternatives or cheaper, unregulated black-market products that evade all quality and safety controls.

### IV. RECOMMENDATIONS FOR THE LEGISLATURE

Rather than increasing taxation—which historically fuels evasion—I recommend the following "Security-First" measures:

1. **Halt Additional Tax Increases on Oral Pouches:** Maintain a clear price distinction between combustibles and reduced-risk alternatives to encourage health-conscious switching.
2. **Prioritize Enforcement over Revenue Expansion:** Shift focus to closing existing illicit trade routes that currently undermine New York's fiscal and public health goals.

### V. CONCLUSION

We share the goal of a smoke-free future for New York. However, we cannot achieve public health by creating a new revenue stream for organized crime. I urge this body to adopt a regulatory framework that prioritizes science, safety, and the security of our markets.

Thank you for your time. I am available to answer any questions the panel may have.

### ADDENDUM: SOURCES AND REFERENCES

- **Mackinac Center for Public Policy:** *Cigarette Taxes and Smuggling Report (2024/2025)*. This data identifies New York as the highest-ranking state for inbound smuggling, with an estimated **54.3%** of all cigarettes consumed being illicit.
  - **The Tax Foundation:** *Cigarette Taxes and Cigarette Smuggling by State (2025 Update)*. Analysis showing New York's loss of **\$1.1 billion** in annual revenue due to tax evasion.
  - **Rutgers University / New York City Litter Study:** Findings indicating that over **80%** of discarded packs in high-density areas of NYC did not bear the required tax stamps.
  - **CDC (Centers for Disease Control and Prevention):** *State Tobacco Activities Tracking and Evaluation (STATE) System*. Data regarding New York's excise tax rates vs. consumption patterns.
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**Respectfully Submitted,**

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