



Lisa Sorin
President

Memorandum in Opposition
Part K of S9009/A10009 (TED)

Relates to the Taxation of Alternative Nicotine Products

Introduction

The Bronx Chamber of Commerce respectfully submits this memorandum in opposition to the proposal to expand taxation and regulatory requirements on alternative nicotine products, including smoke-free nicotine patches that serve a public health benefit for smoking cessation.

Our position is based not only on the impacts this proposal will have on the important public health initiative to reduce cigarette use, but also on the economic realities facing small businesses and working families in the Bronx. While we recognize and support the state's public health objectives, this proposal raises significant concerns regarding small-business sustainability, affordability, regulatory fairness, illicit-market expansion, and long-term fiscal stability.

In short, we believe that the modest revenues proposed in this tax are far outweighed by the negative impacts to small businesses as well as to public health.

Small Business Impact: Bodegas and Neighborhood Retail

Neighborhood bodegas and small retailers are the backbone of the Bronx economy. The Bronx has one of the highest concentrations of small, immigrant-owned bodegas in New York State. Nicotine-related products are a high-frequency purchase category that drives repeat visits. Customers purchasing these products often make additional purchases, including coffee, beverages, over-the-counter items, and lottery tickets. A significant price increase will reduce visit frequency and shrink the average basket size, directly affecting small-business revenue.

Bronx retailers operate on thin margins and face rising costs across rent, labor, utilities, and insurance. The addition of new distributor fees and product registry requirements increases compliance complexity and operational risk. For many immigrant-owned bodegas, navigating evolving regulatory lists and enforcement standards creates exposure to inadvertent violations and financial penalties.

Moreover, expanding definitions of contraband heightens the risk of enforcement interactions that disproportionately affect small, community-based retailers. At the same time, online sellers and illicit operators are positioned to undercut compliant brick-and-mortar stores, expanding the price gap between regulated and unregulated markets. This proposal shifts revenue pressure onto the smallest retailers in the state.



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Regressive Impact on Consumers

Excise taxes fall most heavily on price-sensitive consumers, including many low-income Bronx residents. Expanding consumption taxes during a period of heightened affordability concerns places additional strain on households already managing increased costs of housing, food, transportation, and utilities.

Higher prices may also discourage switching away from combustible cigarettes if the price differential between products narrows. From an affordability and equity perspective, regressive taxation conflicts with the state's broader economic agenda. New York cannot fight affordability on one hand and expand regressive consumption taxes on the other.

Harm Reduction and Public Health Consistency

Combustible cigarettes remain the most harmful nicotine product. Many adults rely on smoke-free alternatives, such as nicotine pouches, as part of a transition away from combustible cigarettes. Sound public health policy supports risk-tiered taxation that reflects relative harm rather than equalizing tax burdens across categories. Preserving price incentives that encourage adult smokers to move away from combustible products is critical to long-term harm reduction goals.

The Bronx Chamber agrees that preventing youth access to nicotine products is paramount. However, tax equalization alone is unlikely to address youth behavior. Strong enforcement of age restrictions and targeted retailer compliance education are more direct and effective tools.

We strongly support maintaining explicit tax exemptions for FDA-approved smoking cessation therapies, including nicotine patches, gum, and lozenges. These products must remain clearly distinguished in statute from alternative nicotine products. Tax policy should reflect relative risk, not treat all nicotine products the same. Aligning taxation with product risk ensures that public health goals and fiscal policy move in the same direction.

Illicit Market Risk

New York already faces significant tobacco smuggling and illicit distribution challenges. Substantial tax increases widen the price gap between legal and illegal products, creating stronger incentives for underground illegal sales. When legal prices rise too sharply, underground markets expand.

Illicit trade undermines projected revenue gains, harms compliant retailers who follow the law, and increases enforcement burdens in communities of color. Expanding excise taxes without addressing existing illicit market dynamics risks compounding these challenges.



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Conclusion

The Bronx Chamber's position centers on small-business survival, affordability, equity, regulatory fairness, and illicit-market prevention. We respectfully urge policymakers to reconsider the proposed expansion of nicotine and vapor taxation and work collaboratively toward a solution that protects public health while safeguarding the economic vitality of neighborhood retailers and Bronx residents.

We stand ready to engage constructively with the Legislature and the Executive to achieve a balanced and equitable outcome.