

Albany Medical College

Albert Einstein
College of Medicine

Columbia University
Vagelos College of
Physicians and
Surgeons

CUNY School of
Medicine

Icahn School of
Medicine at Mount Sinai

Jacobs School of
Medicine and
Biomedical Sciences,
the University at Buffalo

New York Institute of
Technology College of
Osteopathic Medicine

New York Medical
College

New York University
School of Medicine

Renaissance School of
Medicine at Stony Brook
University

School of Medicine and
Dentistry at the
University of Rochester
Medical Center

SUNY Downstate
Medical Center

SUNY Upstate
Medical University

Touro College of
Osteopathic Medicine

Weill Cornell
Medicine

Zucker School of
Medicine at
Hofstra/Northwell

MEMORANDUM OF SUPPORT

May 1, 2019

S.5300 (Rivera)/A. 7351 (Gottfried)

AN ACT to amend the tax law, in relation to research tobacco products
The Associated Medical Schools of New York (AMSNY), the consortium of the 16 medical schools in New York State strongly supports the enactment of this provision which would exempt “research tobacco” from cigarette stamping and taxing requirements.

For many years, the Department of Tax and Finance (The Department) has exempted research tobacco from the tobacco tax and related requirements, in accordance with the provisions of New York State law (Tax Law, §471-A) and the Department’s regulations (20 NYCRR §76.1(a)(2)-(4)). These regulations expressly recognize the authority to exempt certain tobacco sales from the tobacco tax, “provided such cigarettes are used within the scope of such exemption” and direct that the terms “exempt” and “exemption” “shall not be narrowly construed.”

Research tobacco, used by New York’s medical schools and other academic researchers, had been exempt from the taxing and stamping requirements, pursuant to these law and regulations. In a recently policy decision reflecting a re-interpretation of existing law, the Department recently told the main supplier of research tobacco, the Kentucky Tobacco Research and Development Center (KTRDC), that it would no longer be permitted to ship its product to New York State unless it became a certified manufacturer under the Master Settlement Agreement. KTRDC is not able or willing to become a certified manufacturer¹ and no other entity has been identified who might do so.

As a result, New York’s medical schools and other tobacco researchers in the State will no longer have access to the research tobacco that they have been utilizing in their ongoing studies of the impact of tobacco on health. Clinical research studies underway at eight or more research centers² will be effectively terminated by this decision and the consequences of the new policy on tobacco research in New York are catastrophic. Tobacco research is intended to yield, and has already yielded, significant public health benefits, including the now widespread understanding of the negative health impacts of smoking.

¹ KTRDC believes that becoming a certified manufacturer in New York State would jeopardize its status with its own regulators in its home state of Kentucky. Kentucky does not view KTRDC as a manufacturer under the Master Settlement Agreement. Kentucky, as well as New York, are among the 46 states that signed onto the Master Settlement Agreement in 1998.

² The impacted research facilities include at least the following: Weill Cornell Medicine, University of Rochester Medical Center, Columbia University Irving Medical Center, SUNY Downstate Medical Center, Memorial Sloan-Kettering Cancer Center, NYU Langone Health, Roswell Park Comprehensive Cancer Center and Regeneron Pharmaceuticals.

This research informs treatment for those suffering from smoking-induced lung diseases and informs efforts to deter people from choosing to smoke. The potential tax benefit to the State of revenue from research tobacco is minimal, but the financial savings to New York State associated with both successful treatment of lung disease and smoking prevention amounts to millions of dollars annually. Further, the inability of research institutions to maintain access to research tobacco will cost millions in National Institutes of Health and other grant-funded research now underway in New York and could result in the loss of employment to New Yorkers now undertaking this critical research.

For these reasons, AMSNY strongly supports S. 5300 (Rivera) and A. 7351 which would exempt research tobacco from state taxation and urges the Legislature and the Governor to enact these bills.

For more information, please contact Jo Wiederhorn, President & CEO
Associated Medical Schools of New York, 212-218-4610, jowiederhorn@amsny.org