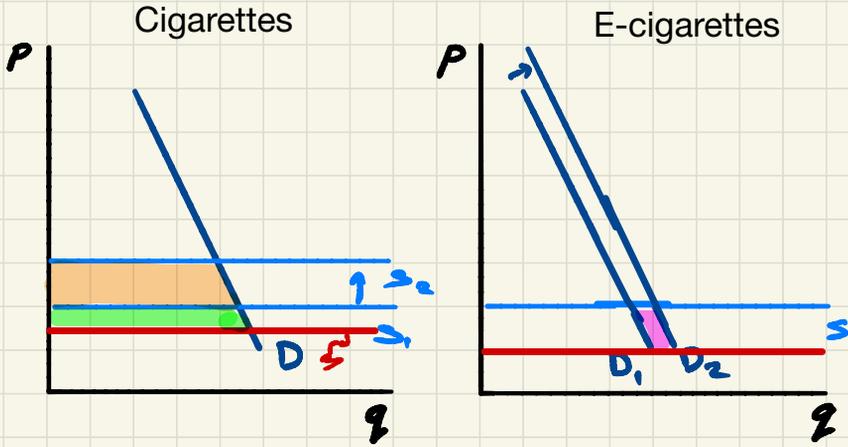


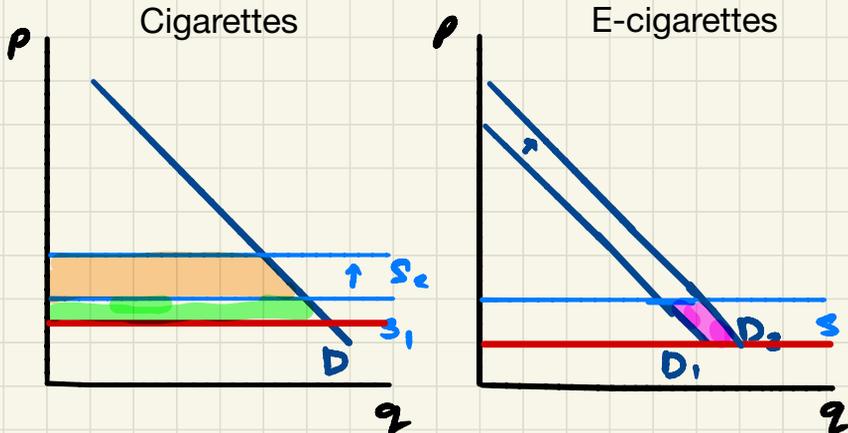
Smoke and Nicotine in New York

Social Surplus, Taxation and Consumer Migration to Substitutes

Adult Smokers



Adolescent Smokers



Note that the adolescent smokers' demand is more price-elastic and therefore the tax will cause a larger proportional reduction in surplus when compared to adult smokers. The surplus gains in the e-cigarette markets would be relatively small. The red lines denote 3rd party costs from smoking and e-cigarette use. The overall surplus gains for non-smokers (orange less purple areas) are positive and large.