



De Minimus Effect of Tobacco 21 on Tobacco Tax Revenues – Vermont

In FY 2015, Vermont collected an estimated \$76.8 million in cigarette and tobacco tax revenue, and projects an increase to \$79.4 million in collections in FY 2016¹. Based on best evidence, a statewide law restricting sales to individuals over age 21 would, in the early years, reduce that revenue stream by a little over \$200,000 annually.

Total tobacco tax revenue stems from sales to all age groups: however, different age groups use tobacco differently. A recently published study found that 18-20 year olds make up 3.1% of all smokers, but because younger individuals smoke less heavily than their older counterparts, 18-20 year olds account for only 2.1% of all cigarettes sold in the US.²

The Institute of Medicine, as commissioned by the FDA, in the 336 page report, *Public Health Implications of Raising the Minimum Age of Legal Access to Tobacco Products*,³ projects that raising the minimum legal sales age (MLSA) of tobacco to 21 nationally would eventually reduce adult smoking prevalence by 12%. Because these reductions would begin with the current cohort of ages 18-20, the 12% reduction would be first observed in that population.

As noted, that age group accounts for 2.1% of cigarette sales; therefore a 12% reduction due to a minimum legal sales age increase to 21 in that population would amount to a total reduction of 0.251% of all tobacco product tax revenue. For Vermont this amounts to a tobacco tax reduction of \$ 200,900 annually. As Vermont is also considering a "grandfather" clause for those already 18-20, even this estimate is likely to be high for FY 2016 and 2017.

Total Tobacco Tax Revenue (Projection) FY 2016	100%	\$ 79,600,000
18-20 Comprise 2.1% of all Sales	2.1%	\$ 1,667,0000
Expected 12% Early Decrease in Consumption (18-20)	0.251%	\$ 200,900

Tobacco use causes over 500,000 deaths annually in the U.S. That's the equivalent of three fully loaded 747s crashing with all passengers killed, every single day, 365 days, every year. Vermont accounts for three of those "crashed planes" each year or 1000 annual deaths from smoking. Moreover according to the US Surgeon General, 10,000 Vermont kids currently alive today will die prematurely from tobacco unless the trajectory changes⁴.

In the future, we expect that Tobacco 21 will have a more profound effect on cigarette and tobacco consumption, but this will take time to change societal attitudes, and an increased will to enforce this protection. In the meantime, \$200K seems a trivial reduction in taxes and a minimal effect on tobacco retailers with the lives of so many Vermont children at stake.

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¹ Legislative Joint Fiscal Office. Consensus JFO and Administration Forecast - January 2016. Kavet, Rockler & Associates. http://www.leg.state.vt.us/jfo/state_forecasts/2016-01%20January%20Forecast.pdf

² Winickoff JP, Hartman L, Minimal Retail Impact of Raising Tobacco Sales Age To 21. AmJ Public Health, Nov. 2015.

³ Institute of Medicine, Public Health Implications of Raising the Minimum Age of Legal Access to Tobacco Products, Washington, DC: The National Academies Press. March, 2015.

<http://iom.nationalacademies.org/Reports/2015/TobaccoMinimumAgeReport.aspx>

⁴ Tobacco Free Kids: The toll of tobacco in Vermont. www.tobaccofreekids.org/facts_issues/toll_us/vermont