

Significant Tobacco Tax Increases: Health & Economic Benefits

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We Support

- \$1.25/pack increase and equivalents for new smokeless, snuff and other tobacco products.
- 3 in 4 Vermont voters support a \$1.25 increase
(April 2013 Mellman Poll)

Economic Benefits

- Save \$97 million in long-term healthcare costs
- Raise \$14.92 million in new revenue
- Provide funding tobacco trust fund and health care



The Toll of Tobacco in Vermont

Human Cost

- 400 kids new daily smokers each year
- 900 adults die each year
- 10,000 kids will die prematurely

Financial Cost (Annual)

- \$348 million health care costs
- \$72 million of which from Medicaid
- \$192 million in lost productivity



Smoking Rates

- 13% of all youth smoke compared to:
 - ✓ 18% of 12th graders
- 17% of all adults smoke compared to:
 - ✓ 20% of 18-24 year olds
 - ✓ 22% of 25-34 year olds



Smoking Rates

- 7% of adults with college degree or higher smoke compared to:
 - ✓ 39% with no high school degree
 - ✓ 31% of very low income (\$25K or less)
 - ✓ 35% of uninsured

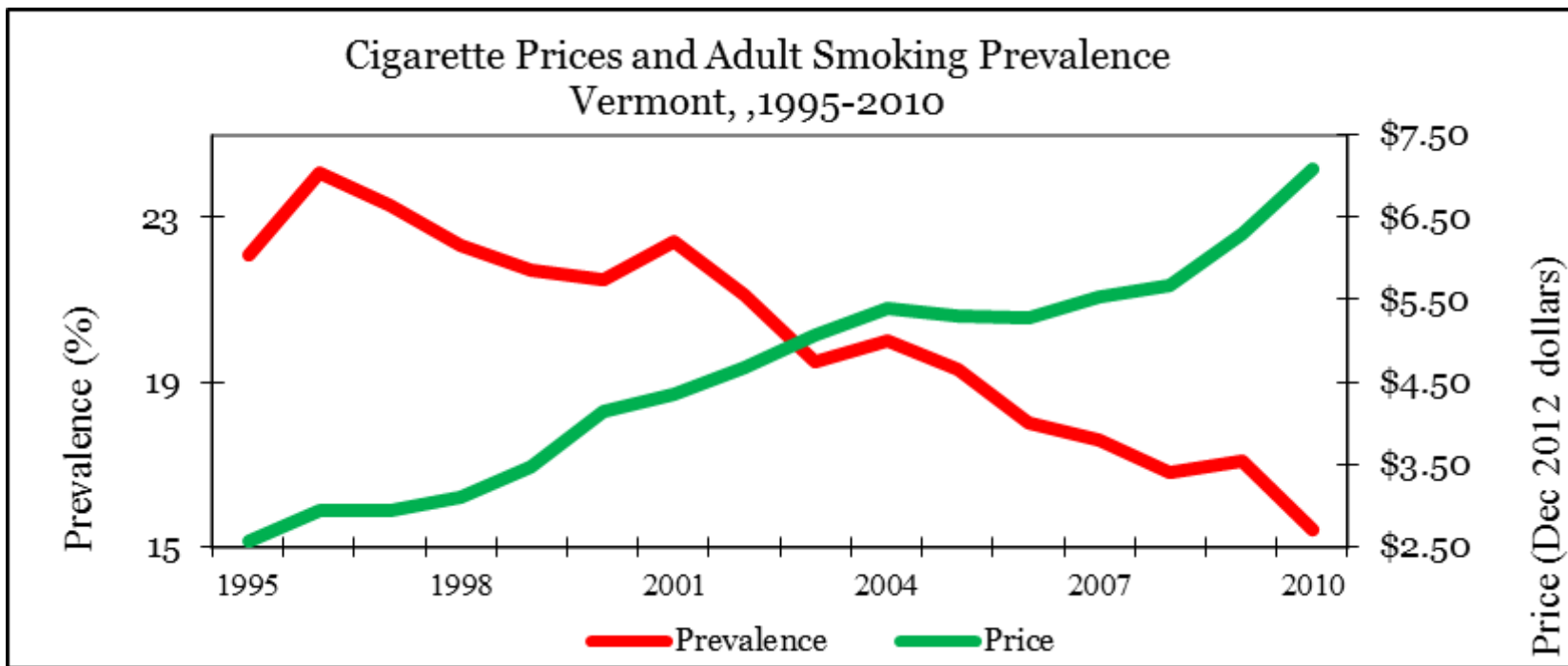


Tobacco Taxes and Tobacco Use

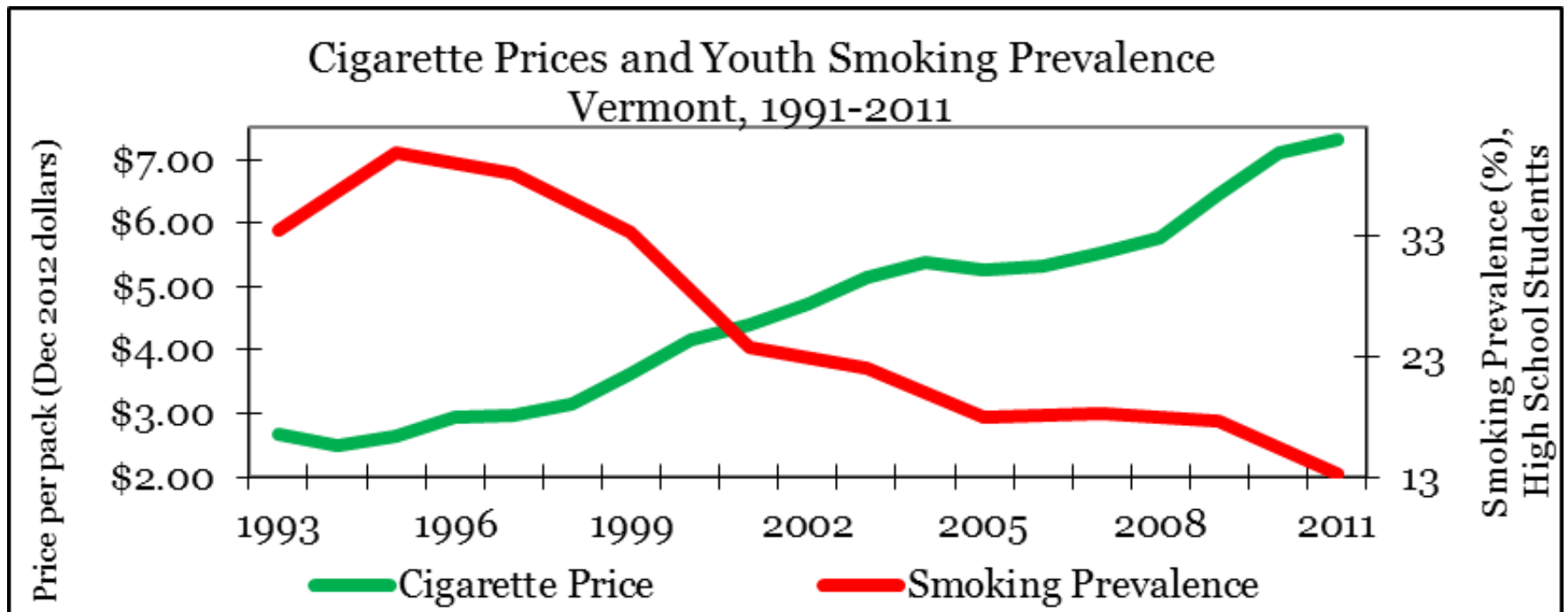
- Higher tobacco taxes induce quitting, prevent relapse, reduce consumption and **prevent starting**.
- Studies have shown that increasing the price of tobacco a **significant** amount - by at least 10% reduces:
 - adult smoking by 4%
 - youth smoking by 7%
 - pregnant women by 5-7%
- Small increases are ineffective as they can be absorbed by price discounts, such as coupons, from the industry and are not noticed by the smoker.



Adult smoking has decreased with higher cigarette taxes



Youth smoking has decreased with higher cigarette taxes



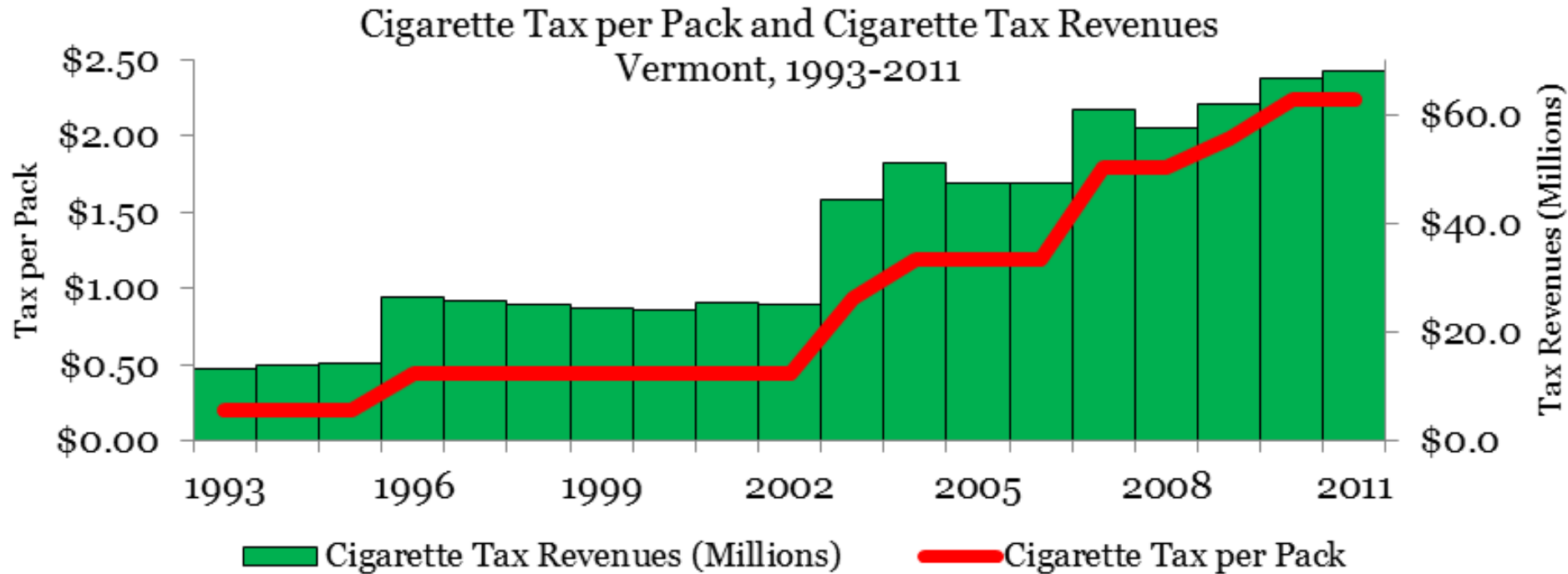
Current Northeast Tax Rates

Current Northeast Cigarette Excise Tax, per pack:

New York	\$ 4.35	(1 st in US)
Rhode Island	\$ 3.50	(3 rd in US)
Connecticut	\$ 3.40	(4 th in US)
Vermont	\$ 2.62	(9th in US)
Massachusetts	\$ 3.51	(2 nd in US)
Maine	\$ 2.00	(12 th in US)
New Hampshire	\$ 1.78	(18 th in US)
Region average:	\$3.02	



Revenues have increased without tax avoidance



Industry claims that the tax will hurt businesses aren't true

- Money spent on cigarettes in state retail stores didn't disappear when smokers quit but simply shifted to consumer spending on other products.
- State-specific economic impact studies have found that substantial cigarette tax increases in those states would actually increase total state employment



Claims of massive cross-border shopping are clearly exaggerated

- The last time there was a year between a VT tax increase and a NH tax change was Vermont's 2006 increase from \$1.19 to \$1.79 compared to NH's \$0.80 tax.
- The following year:
 - VT cigarette tax revenues rose by \$13.4 million (28.3%)
 - NH tax revenues fell by \$3.4 million (-2.4%).



Conclusions

- Substantial increases in tobacco excise taxes lead to large reductions in tobacco use and, in the long run, reduce the public health toll caused by tobacco use.
- Additional reductions in overall smoking and in the prevalence of youth smoking result when tax increases are coupled with comprehensive tobacco control efforts.
- Arguments about economic consequences of tobacco control and tax increases are misleading, overstated, or false.

