



Claudia Rodas

Regional Advocacy Director
Southern Region
Campaign for Tobacco-Free Kids

tobaccofreekids.org



Promoting Health and Cost Control in States

Webinar Series Segment 1- Exploring the Health and Economic Impact of Tobacco Pricing Strategies

Fundamentals of Tax Campaigns

November 13, 2019



The State Trifecta





“The single most direct and reliable method for reducing consumption is to increase the price of tobacco products, thus encouraging the cessation and reducing the level of initiation of tobacco use.”

Taking Action to Reduce Tobacco Use
National Academy of Sciences
Institute of Medicine
1998



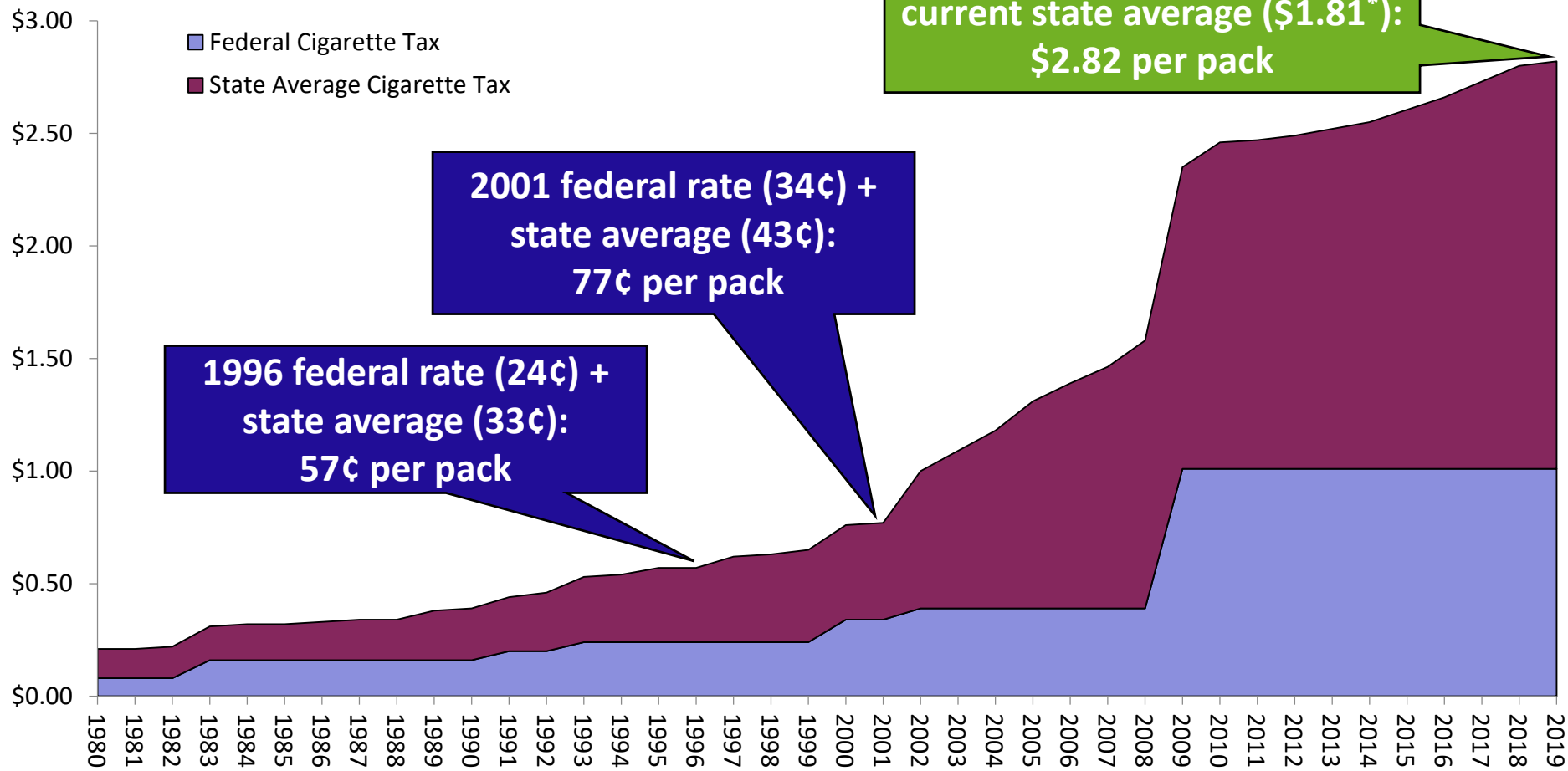
Even the tobacco industry knows taxes work to reduce smoking

“It is clear that price has a pronounced effect on the smoking prevalence of teenagers and that the goals of reducing teenage smoking and balancing the budget would both be served by increasing the Federal excise tax on cigarettes.”

*Myron Johnson
Philip Morris Research Executive
1981*



Federal Cigarette Excise Tax + Average State Cigarette Tax



**federal rate (\$1.01) +
current state average (\$1.81*):
\$2.82 per pack**

**2001 federal rate (34¢) +
state average (43¢):
77¢ per pack**

**1996 federal rate (24¢) +
state average (33¢):
57¢ per pack**

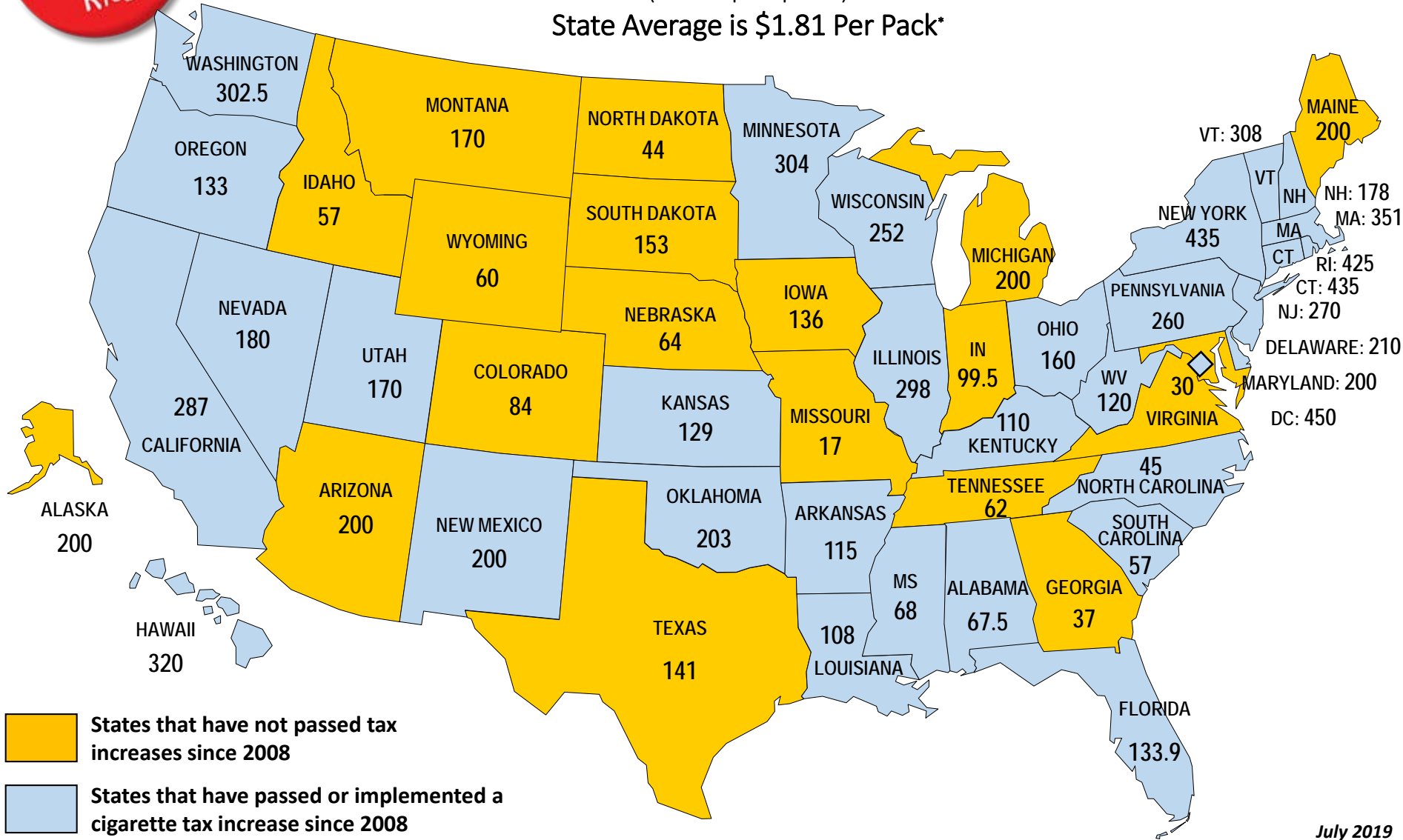
* Includes state cigarette tax rates in effect as of July 1, 2019. Does not include local cigarette taxes, some of which are \$1.00 or higher, including Anchorage, Aspen, Chicago, New York City, and Philadelphia.



Cigarette Excise Tax Rates

(cents per pack)

State Average is \$1.81 Per Pack*



July 2019



Tobacco Taxes & Revenues

- Stable; smoking declines are gradual
- Predictable; much easier to estimate than personal or corporate income tax revenues
- Adjustable; any declines can be offset by additional increases
- Produce health cost savings; declines in consumption offset by savings in health costs



Science
+
Communications
+
Advocacy
+
Coalition building
=

**Policy Action, Environmental Change and
Behavior Change**



Fundamentals of Tax Campaigns

- Develop your strategy and be prepared.
- Push to dedicate funding towards tobacco control programs and activities
- Push for \$1+ increases with OTP parity
- Develop strong definitions and language
- Avoid ballot measures, if possible
- Develop strong campaign messaging



Before you start:

- Build your coalition.
- Create a strategy – grassroots, media and lobbying.
- Find your champions and educate your legislators.
- Educate your community/state and build your base of support.
- Decide on your amount. Recommend that a cigarette tax increase proposed by public health advocates in a formal campaign start at \$1.00 per pack or more.
- Discuss OTP (other tobacco taxes) parity.
- Discuss revenue dedication.



Dedication of funds for tobacco prevention and cessation

- Our groups strongly recommend that, when possible and allowed by state law, public health advocates push to have significant amounts of revenue from tobacco taxes dedicated to tobacco prevention and cessation programs.
- Tobacco taxes that raise the price by \$1.00 per pack or more have a significant public health impact



IOM report: Revenue Dedication

- IOM report (2007): made recommendation that states should dedicate a portion of their tobacco excise tax revenues to fund tobacco control programs.
- The report also urges states to fund state tobacco control activities at the level recommended by the Centers for Disease Control and Prevention (CDC).
- Despite this recommendation, few states dedicate tobacco excise tax revenues to fund tobacco control programs.





\$1 increase + OTP parity

- Factors to consider:
 - the current tax rate
 - the last time the tax was increased
 - the likelihood of dedicating significant funding to tobacco control programs
 - the culture of the state
 - the tax rates in states that border the jurisdiction where the campaign is being contemplated
- As a general rule, tobacco taxes should increase by an amount that will be large enough to have meaningful impact on smoking rates/levels.



Taxing Other Tobacco Products

It is important to raise and equalize tax rates on all tobacco products to prevent initiation with or switching to tobacco products just because they cost or are taxed less.





Definitions

Start with strong, comprehensive definitions for “cigarettes” and “tobacco products”.



Ballot measures

- Can be expensive.
- The tobacco industry has built-in advantages with ballot measures.



Message Platform: WIN, WIN, WIN

The Theme for Legislative Campaigns

- A **WIN** for public health and kids (prevents and reduces youth and adult smoking)
- A **WIN** for the state budget (reliable, predictable source of much-needed revenue)
- A **WIN** for politicians (or a win among voters)



Lessons from Policy Campaigns

What Do Policy Makers Want?

- A new and reliable source of revenue
- Support of the voters
- A way to talk about raising the tax

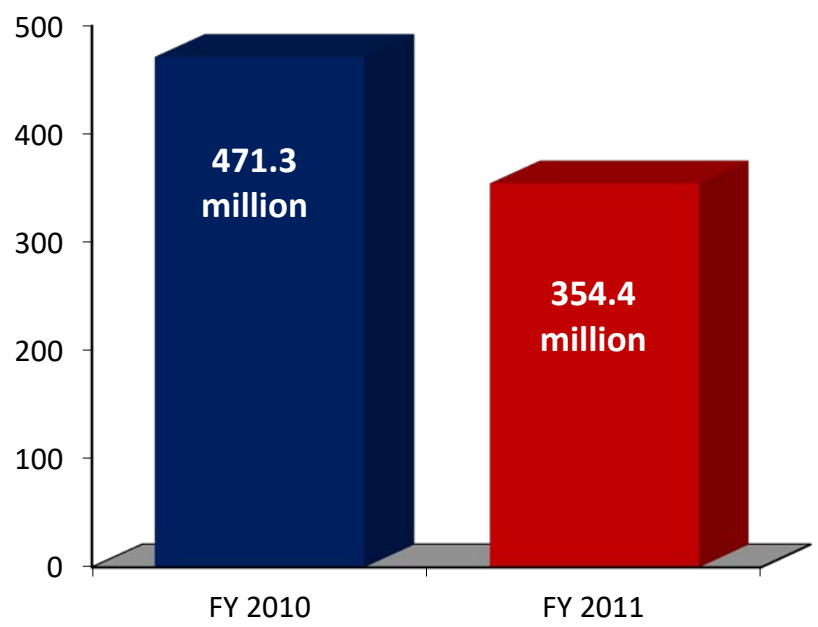


The New York Tax Experience

From \$2.75 to \$4.35 on 7/1/10

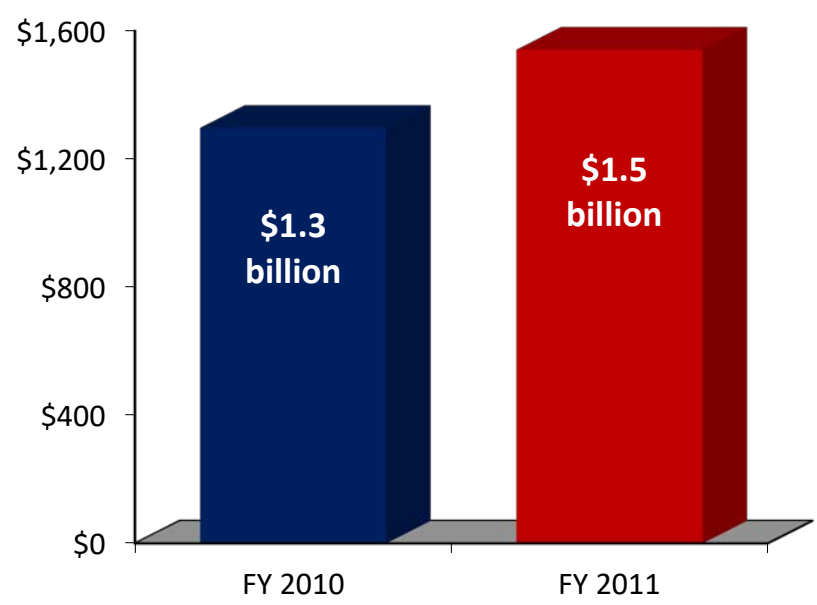
Revenues Collected

+ 18.8%



Packs Sold

- 24.8%



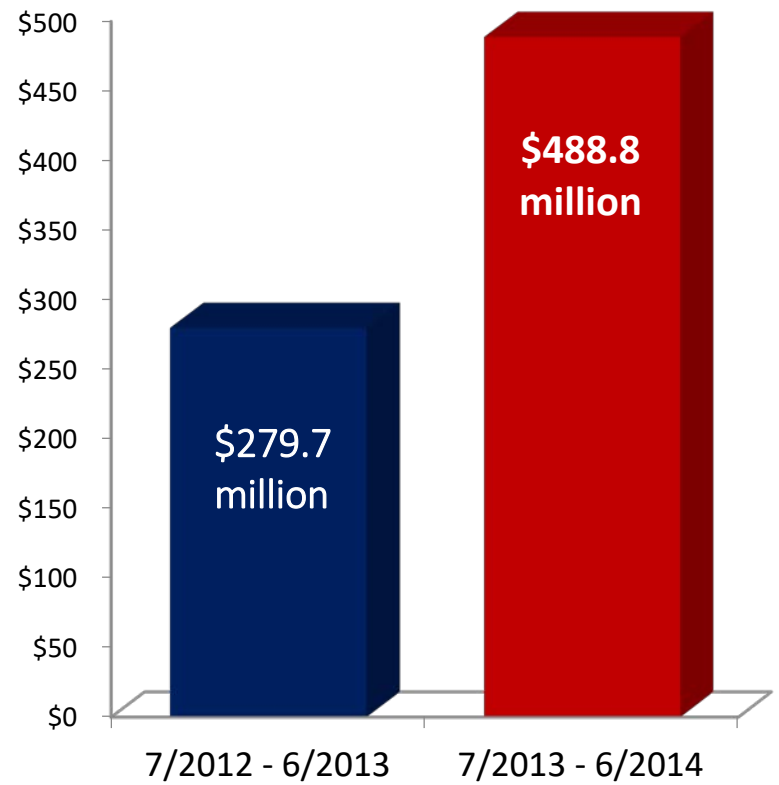


The Minnesota Tax Experience

Rate increased from \$1.23 to \$2.83 on 7/1/13

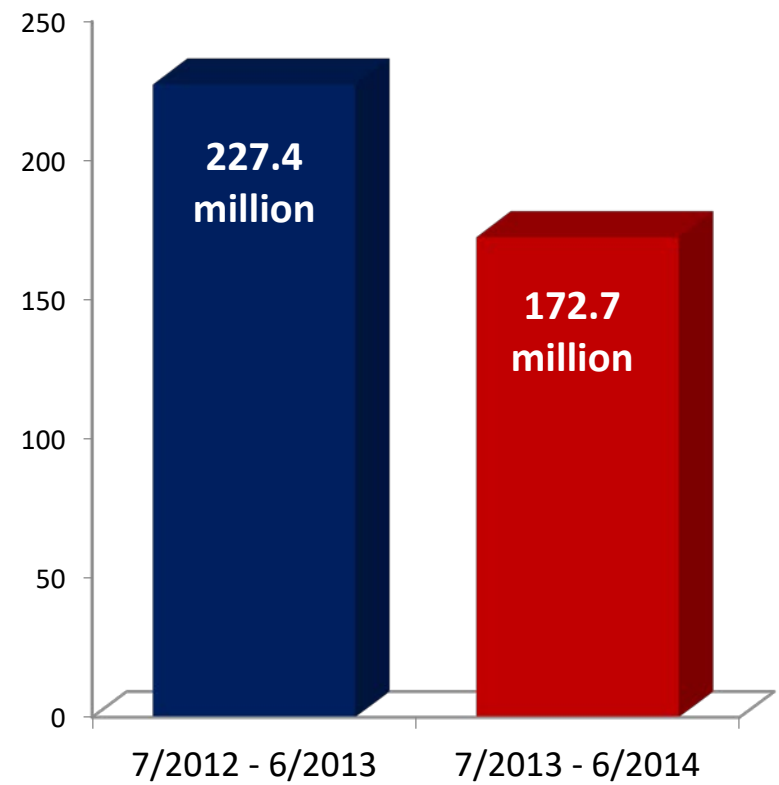
Revenues Collected

+ 74.8%



Packs Sold

- 24.0%





The Nevada Tax Experience

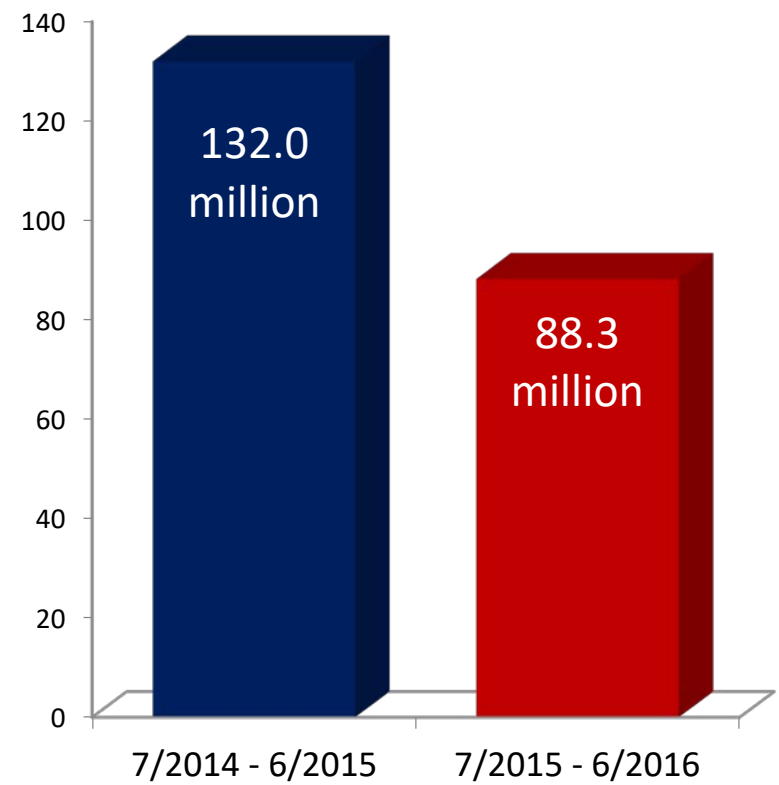
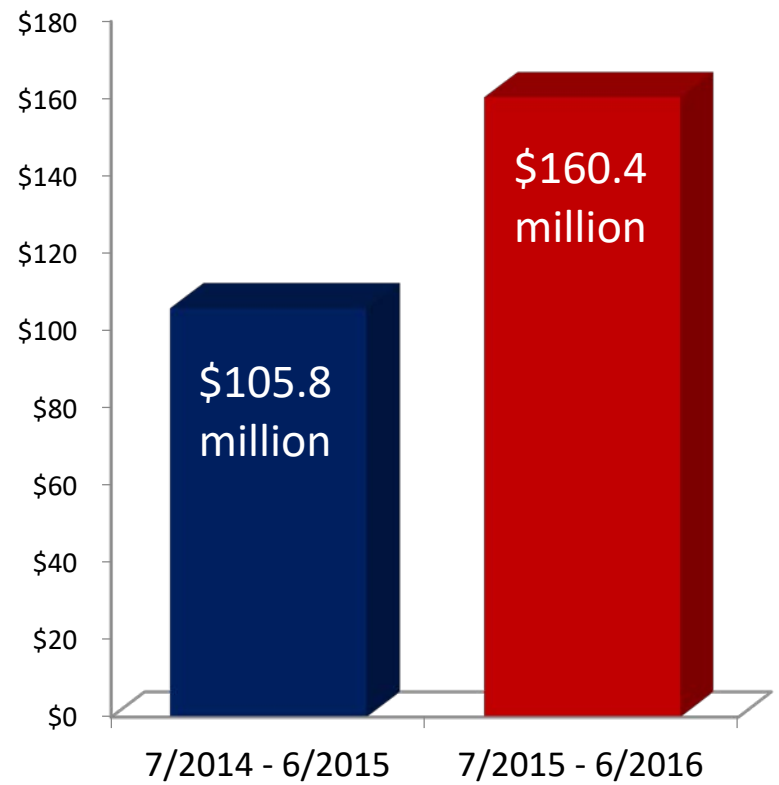
Rate increased from \$0.80 to \$1.80 on 7/1/15

Revenues Collected

+ 51.6%

Packs Sold

- 33.1%





The Illinois Tax Experience

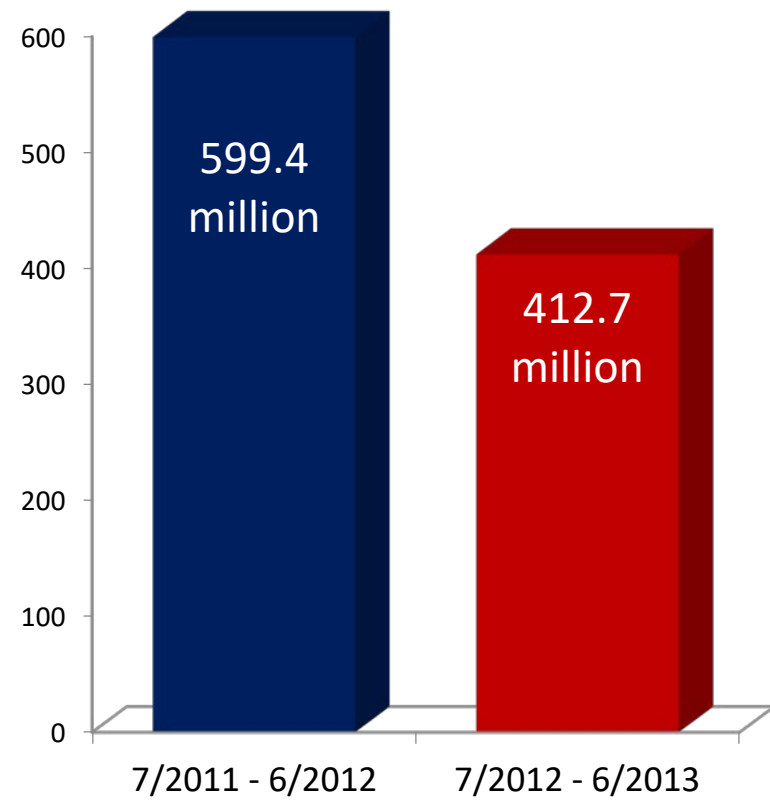
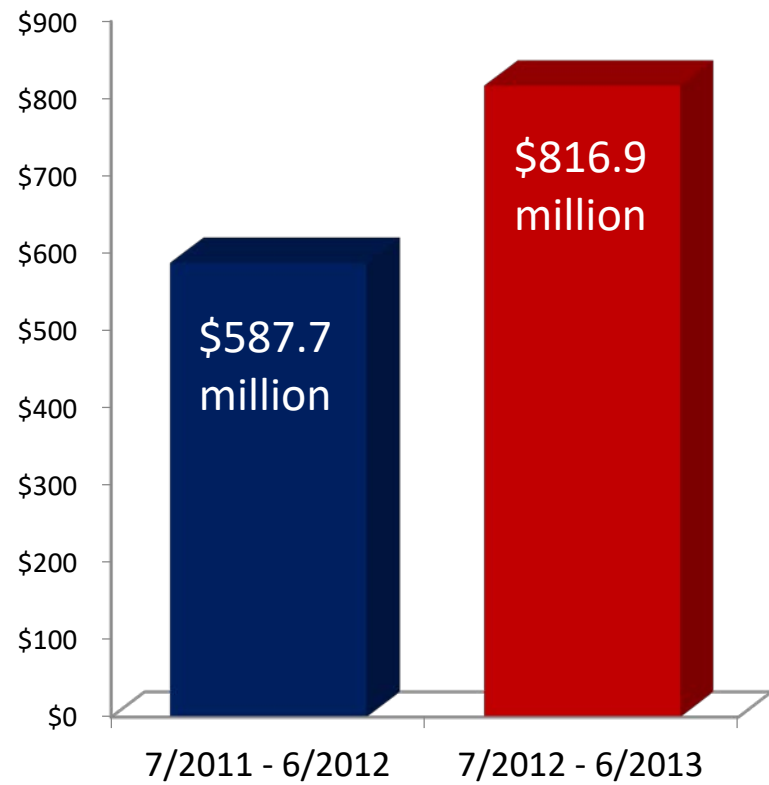
Rate increased from \$0.98 to \$1.98 on 6/24/12

Revenues Collected

+ 39.0%

Packs Sold

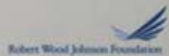
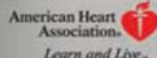
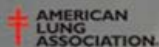
- 31.1%



Tobacco Taxes: A Win-Win-Win for Cash-Strapped States



February 10, 2010



- In light of state budget deficits, remind decision makers that increasing the tobacco tax is a win-win-win.
- Get the information in front of key decision makers
- State-specific strategy

Will these Mississippi leaders stand with Mississippi kids or Big Tobacco?



Senator Dean Kirby



Lt. Governor Phil Bryant

By increasing Mississippi's cigarette tax to \$1, we can prevent 26,300 kids from smoking and raise \$135 million in new revenue to fund education and other vital programs during this financial crisis. Big Tobacco wants a much smaller cigarette tax that protects its profits but would mean more Mississippi kids start smoking and more people die of smoking-related diseases.

Who will it be? Mississippi's kids or Big Tobacco? Tell our Leaders:
Increase Mississippi's cigarette tax to \$1. Don't leave lives and money on the table.

Call Senator Kirby: 601-359-3246 and Lt. Governor Bryant: 601-359-3200



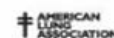
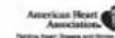
If 3 get hooked,
1 dies early.



A higher cigarette tax
could save her.

1 in 3 kids who get hooked on tobacco will die prematurely from it. And with 16,000 Wisconsin kids becoming smokers every year, the numbers add up fast. But we can do something about it by increasing our tobacco tax just 75 cents. Sure, it won't stop every child from smoking... but it will stop some of them. And that's worth a lot more than 75 cents.

Tobacco taxes—Our kids are worth every penny.



**CAMPAIGN
for
TOBACCO-FREE
Kids**

How many reasons do we need?

\$354,000,000
New revenue raised to cut the budget deficit and save critical programs

79,600
Kids prevented from smoking

73%
Georgia voters who support raising the tobacco tax

Raise the tobacco tax.

Increasing the tobacco tax by \$1 will bring in \$354 million in new revenue and keep 79,600 kids from smoking. To learn more, go to www.tobaccofreekids.org/georgia.



Handouts

Save Lives – Generate Income

Illinoisians Support Raising State Cigarette Tax

A WIN, WIN, WIN for Illinois



= **96,000
Children
SAVED**

Number of kids alive today who would be prevented from smoking by a 75¢ tobacco tax increase in Illinois. Source: Campaign for Tobacco-Free Kids

Win #1: A Win for Our Kids

Higher cigarette taxes reduce smoking —especially among youth.

Win #2: A Financial Win

A 75¢ increase in the cigarette tax will generate more than \$537 million in needed revenue in the first year to prevent harmful budget cuts.

Three-fourths of Illinois Voters Support a 75¢ Increase in the State Tobacco Tax:

"Would you favor or oppose a 75¢ per pack increase in the state tobacco tax as part of an effort to reduce tobacco use, especially among kids and to help balance the state budget?"



Source: Market Strategies & The Mellman Group, Inc. (1/02)

Win #3: A Win with Voters

Voters favor a significant increase in the state cigarette tax.

For more information contact the Illinois Children's Initiative at (312) 346-4675, ext. 251.

Projected Benefits from Increasing State Cigarette Taxes by 75¢ Per Pack

Fewer packs of cigarettes smoked each year: 70.9 million ■ Number of current adult smokers in state who would quit: 83,800 ■ Number of kids alive today who would not become smokers: 96,900 ■ Number of kids alive today saved from smoking-caused death: 31,000 ■ Number of current adult smokers saved from smoking-caused death: 18,400 ■ Total smoking-caused deaths avoided: 49,400 ■ Amount of revenue generated for the state budget: \$537 million

Targeted Online Advertising



A \$1 tobacco tax increase would generate \$354 million for Georgia

CAMPAIGN for TOBACCO-FREE Kids

LEARN MORE →

Paid for by the Campaign for Tobacco-Free Kids



A \$1 tobacco tax increase would generate \$354 million for Georgia

CAMPAIGN for TOBACCO-FREE Kids

LEARN MORE →

Paid for by the Campaign for Tobacco-Free Kids

- Advertising in selected target states. Ads placed on search engines, local political/policy blogs, Facebook and local newspapers.
- When residents in target states search for specific key words or read stories on those topics, they see an ad or sponsored search result leading to the tax report.
- Result: Daily web traffic increased by nearly one-third since the launch of the report (much of the traffic is coming from our target states).

State-Specific Benefits Page



Report Released: February 10, 2010

[Full Report](#) | [Executive Summary](#) | [Poll Results](#) | [Press Release](#) | [All Materials](#)

Tobacco taxes are a win-win-win for states facing budget shortfalls — a BUDGET WIN that will raise billions in revenue and help preserve essential services such as health care and education; a HEALTH WIN that will prevent kids from smoking and save lives; and a POLITICAL WIN that is popular with voters.

This report details the revenue and health benefits to each state of increasing its cigarette tax by \$1 per pack, as well as the national benefits if every state took such action.

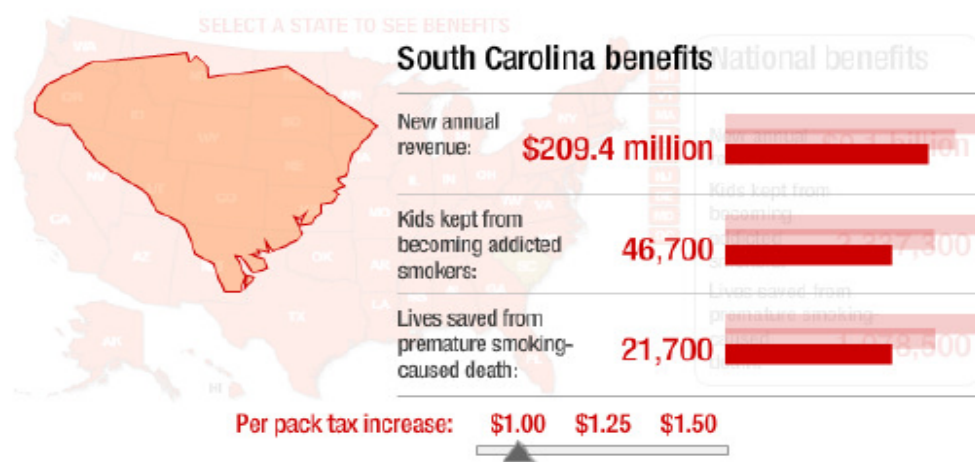
National benefits

State benefits

Share this: [f](#) [t](#) [EMBED](#)

South Carolina benefits from a \$1 cigarette tax increase

Current South Carolina cigarette tax: \$0.07 | Rank: 51st | Avg. state tax: \$1.34 per pack



Grassroots Alerts



Raise Tobacco Taxes
Because Her Life is Worth it.



Dear Barbara,

Thursday, the South Carolina House of Representatives delayed debate on the cigarette tax bill until they meet again TOMORROW, May 20. That means **there will only be 9 days left in the legislative session to pass the cigarette tax increase.**

We're pleased that the bill has not been sent back to committee, but efforts will be underway again tomorrow to do just that.

It is critical that you call your House member TODAY. Ask him or her to keep the cigarette tax alive this session at a minimum of a 50-cent per pack increase and to continue four debate tomorrow.

Please call Representative at today.

Significant cigarette tax increases are proven to reduce smoking and save lives. The higher the tax, the more lives saved--especially when a portion of the revenue is dedicated to funding tobacco prevention and cessation programs. South Carolina's kids have waited 31 years for this kind of protection. Let's not make them wait one day more.

We've come too far to see the bill die this session.

Please call Representative at immediately.

[Click here after you've made your call to provide feedback.](#)

Thank you for fighting to protect South Carolina kids.

Sincerely,

Carter Headrick
Director, Grassroots
Campaign for Tobacco-Free Kids

Amy Barkley
Director, Tobacco States and Mid-Atlantic
Campaign for Tobacco-Free Kids

1400 Eye Street, NW Suite 1205
Washington, DC 20005

www.TobaccoFreeKids.org

Phone: 202.296.5468
Fax: 202.296.5427



THANK YOU