Public Policy, State Programs, and Tobacco Use

Frank J. Chaloupka
Director, ImpacTeen, University of Illinois at Chicago
www.uic.edu/~fjc
www.impacteen.org

Funding provided by The Robert Wood Johnson Foundation,
The Centers for Disease Control and Prevention,
and the National Cancer Institute
Overview

Tobacco Control Policies

• Cigarette Taxes
• Smoking Restrictions
• Youth Access, Possession, Purchase and Use
• Advertising Restrictions
• Preemption and Smoker Protection Laws

Comprehensive Tobacco Control Programs

• State Specific Programs
  • New Econometric Studies of Program Impact
## State Cigarette Excise Taxes

**January, 2001**

Ranked by State Excise Taxes per Pack

**Average State Tax = $0.419**

<table>
<thead>
<tr>
<th>$0.50+ HIGH</th>
<th>$0.25-.49 MED</th>
<th>&lt; $0.25 LOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.11 New York</td>
<td>.48 Minnesota</td>
<td>.24 Delaware</td>
</tr>
<tr>
<td>1.00 Alaska</td>
<td>.44 North Dakota</td>
<td>.24 Kansas</td>
</tr>
<tr>
<td>1.00 Hawaii</td>
<td>.44 Vermont</td>
<td>.24 Louisiana</td>
</tr>
<tr>
<td>.87 California</td>
<td>.41 Texas</td>
<td>.24 Ohio</td>
</tr>
<tr>
<td>.825 Washington</td>
<td>.36 Iowa</td>
<td>.23 Oklahoma</td>
</tr>
<tr>
<td>.80 New Jersey</td>
<td>.35 Nevada</td>
<td>.21 New Mexico</td>
</tr>
<tr>
<td>.76 Massachusetts</td>
<td>.34 Nebraska</td>
<td>.20 Colorado</td>
</tr>
<tr>
<td>.75 Michigan</td>
<td>.339 Florida</td>
<td>.18 Mississippi</td>
</tr>
<tr>
<td>.74 Maine</td>
<td>.33 South Dakota</td>
<td>.18 Montana</td>
</tr>
<tr>
<td>.71 Rhode Island</td>
<td>.315 Arkansas</td>
<td>.17 Missouri</td>
</tr>
<tr>
<td>.68 Oregon</td>
<td>.31 Pennsylvania</td>
<td>.17 West Virginia</td>
</tr>
<tr>
<td>.66 Maryland</td>
<td>.28 Idaho</td>
<td>.165 Alabama</td>
</tr>
<tr>
<td>.65 District of Columbia</td>
<td></td>
<td>.155 Indiana</td>
</tr>
<tr>
<td>.59 Wisconsin</td>
<td></td>
<td>.13 Tennessee</td>
</tr>
<tr>
<td>.58 Arizona</td>
<td></td>
<td>.12 Wyoming</td>
</tr>
<tr>
<td>.58 Illinois</td>
<td></td>
<td>.12 Georgia</td>
</tr>
<tr>
<td>.52 New Hampshire</td>
<td></td>
<td>.07 South Carolina</td>
</tr>
<tr>
<td>.515 Utah</td>
<td></td>
<td>.05 North Carolina</td>
</tr>
<tr>
<td>.50 Connecticut</td>
<td></td>
<td>.03 Kentucky</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.025 Virginia</td>
</tr>
</tbody>
</table>
Tobacco Taxes and Tobacco Use

• Higher taxes induce quitting, prevent relapse, reduce consumption and prevent starting.

• Estimates indicate that 10% rise in price reduces overall smoking by about 4%

• About half of impact of price increases is on smoking prevalence

• Recent estimates for young adult smokers indicate that 10% price rise would raise probability of quitting smoking by over 3%

• Because of addictive nature of smoking, long term effects of tax and price increases are larger

Source: Chaloupka et al., 2000
Total Cigarette Sales and Cigarette Prices, 1970-2000

- Total Sales (million packs)
- Real Cigarette Price


- Sales: 20000, 22000, 24000, 26000, 28000, 30000
- Prices: $1.20, $1.70, $2.20, $2.70, $3.20

Graph showing the trend of cigarette sales and real cigarette prices from 1970 to 2000.
Lower SES populations are more price responsive

• Growing international evidence shows that cigarette smoking is most price responsive in lowest income countries

• Evidence from U.S. and U.K. shows that cigarette price increases have greatest impact on smoking among lowest income and least educated populations

  • In U.S., for example, estimates indicate that smoking in households below median income level about 70% more responsive to price than those above median income level

Implies tax increases may be progressive

Sources: Farrelly, et al., 1999; Chaloupka et al., 2000
Young people more price responsive

- Economic theory suggests several reasons, including lower income, peer influences, shorter smoking histories, and greater discounting of future.

- Evidence from U.S. suggests that youth are up to three times more sensitive to price than adults while young adults are about twice as price sensitive.

  - Recent studies conclude that greatest impact of price is in preventing transitions from experimental smoking to more regular smoking.

Because kids are highly price sensitive and 90 percent of smokers start as teens, higher taxes can sharply reduce smoking in the long run.

Sources: Chaloupka et al., 2000; Emery et al. 2001; Tauras et al. 2001
Cigarette Smoking Among Youth by the Average Price of a Pack of Cigarettes in 50 States and the District of Columbia, 1999

Data: 1999 NHSDA (12-17 year olds); 1999 Tax Burden On Tobacco

Source: Giovino, et al., 2001
12th Grade 30 Day Smoking Prevalence and Price

Year vs. Real Price Per Pack

- Cigarette Price
- 30 Day Smoking Prevalence
Tobacco Policy Data


Source: Giovino, et al., 2001
Tobacco Policy Data


Source: Giovino, et al., 2001
Research – Smoking Restrictions

• Stronger and more comprehensive restrictions on smoking reduce smoking prevalence, increase smoking cessation, and reduce cigarette use among continuing smokers

• Workplace restrictions particularly important in promoting cessation among adults

• Consistent evidence that restrictions on smoking in public places also reduce smoking among youth and young adults

• Strong evidence that restrictions on smoking at home significantly reduce the probability of youth smoking, smoking uptake, and youth cigarette consumption

Sources: Evans et al., 2000; Wakefield et al. 2000; Woollery et al. 2000
Cigarette Smoking Among Youth by the Clean Indoor Air Legislation Rating in 50 States and the District of Columbia, 1999

Source: Giovino, et al., 2001
Tobacco Policy Data

Mean Number of Purchase, Possession, and Use Laws per State* -- United States, 1988-1999

Source: Giovino, et al., 2001
Tobacco Policy Data

Restrictiveness of State Laws Limiting Youth Access to Tobacco

Year

Youth Access Index


0 2 4 6 8 10 12 14
Research – Youth Access and PPU

• Generally little evidence that restrictions on youth access to tobacco products reduce youth smoking
  • likely due to the generally poor enforcement of and compliance with these laws

• Growing evidence that increased retailer compliance with limits on youth access leads to significant reductions in youth smoking prevalence and consumption
  • little impact on youth experimentation
  • impact increases as youth progress to more regular smoking

• Little evidence that policies prohibiting youth purchase possession and/or use of tobacco products have any impact on youth smoking
  • only effect appears to be among lowest risk youth

Cigarette Smoking Among Youth by the Historical PPU Legislation Rating in 50 States and the District of Columbia, 1999

Source: Giovino, et al., 2001
Research – Preemption, Smoker Protection, and Advertising Bans

• Growing evidence that state preemption of stronger local tobacco control ordinances results in greater smoking among youth and adults

• Evidence that smoker protection laws result in higher youth smoking prevalence, likely due to the more favorable social norms about smoking reflected by these laws

• Growing evidence that comprehensive restrictions on advertising and promotion lead to significant reductions in smoking; little impact, however, of partial restrictions

Sources: Chaloupka and Grossman, 1996; Ross and Chaloupka, 2001; Saffer 2000; Saffer and Chaloupka 2000
CALIFORNIA: 87-Cents Per Pack

California’s tobacco control program began in January 1989, when the excise tax was increased from $0.10 to $.35 per pack of cigarettes. On November 3, 1998 California voters approved Proposition 10, a measure that increased the state tax on cigarettes by 50 cents per pack starting January 1, 1999, to a total of 87 cents tax per pack. The increase made California's tax per pack of cigarettes the fourth highest amongst the states - only New York’s, Hawaii’s, and Alaska’s taxes are greater.

Initially, Consumption Decreased Rapidly
Initially, following the 1989 excise tax increase, consumption decreased rapidly.

Further Decline Throughout the 1990’s
Overall tobacco use in California declined throughout the 1990s at a rate two or three times faster than that in the rest of the country. Between 1988 and 1999, per capita cigarette use in California declined by almost 50%, while in the rest of the country it declined by only about 20%.

Prevalence Among Youth Declined
Between 1995 and 1999, the prevalence of cigarette use among youth dropped by 43% in California.

Tobacco-Related Deaths Reduced
By virtue of its duration and intensity, the California program also has the distinction of being the first program to demonstrate a reduction in tobacco-related deaths.

Source: Investment in Tobacco Control: State Highlights 2001; U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease prevention and health Promotion, Office on Smoking and Health.
Per Capita Consumption Trends
California versus Projected Trend, 1984-1997

July 1 - June 30 Fiscal Year

Pack Sold Per Capita

Source: CDC
The Massachusetts Tobacco Control Program (MTCP) was created through a statewide referendum held in November 1992 and is entirely funded by a tax on cigarettes and smokeless tobacco products. Since its introduction through June 1999, program successes include:

- Massachusetts has seen more rapid declines than states without tobacco control programs in the overall prevalence of tobacco use among adults.
- Rates of smoking among Massachusetts youth have declined sharply, with current smoking dropping 70% among 6th graders from 1996 to 1999.
- Cigarette consumption has fallen by 33%, while consumption in the rest of the country declined just 10%
- The number of adult smokers has declined
- Smoking during pregnancy dropped sharply, from 25% to 13%
- Youth smoking rates in Massachusetts from 1996-1999 have declined at a greater rate than the rest of the country
- The number of smokers planning to quit has increased, and those who try to quit are more successful.

Source: State of Massachusetts, Department of Public Health
Per Capita Consumption Trends
Massachusetts versus Projected Trend, 1984-1997

Source: CDC
Change in Per Capita Cigarette Consumption Before and After an Excise Tax Increase and an Antismoking Campaign California & Massachusetts versus Other 48 States, 1986 to 1996

Source: CDC
New Econometric Research – Comprehensive State Programs

- Data on expenditures on various tobacco control programs, including: NCI’s ASSIST program, CDC’s IMPACT program, RWJF’s SmokeLess States program, and state programs funded by earmarked tobacco taxes or tobacco settlement funds

- Data on overall smoking patterns based on tax paid state-level cigarette sales per capita


Sources: Farrelly, et al. 2001; Chaloupka et al. 2001; Farrelly et al. 2001; Liang et. al 2001
Per Capita Tobacco Control Spending

Per capita spending figures in July 2001 dollars
State Tobacco Control Funding as Percentage of CDC Minimum, 2001

Source: CDC
Research Findings – Comprehensive Programs and State Cigarette Sales

- Higher spending on tobacco control efforts significantly reduces overall cigarette consumption
  Elasticity estimates for current year spending center on $-0.006$; estimate for cumulative spending: $-0.025$

- Marginal impact of tobacco control spending greater in states with higher levels of cigarette sales per capita; average impact significantly higher in states with larger programs

- Disaggregated program spending suggests that impact of spending on programs focusing on policy change is greater than spending on other programs

Sources: Farrelly, et al. 2001; Liang et. al 2001
Percent Reductions in Per Capita Cigarette Consumption Due to Tobacco Control Spending

Reduction in State Consumption

Source: CDC
Research Findings – Comprehensive Programs and Youth Smoking

- Higher spending on tobacco control efforts significantly reduces youth smoking prevalence and cigarette consumption among young smokers

  Elasticity estimate for youth smoking prevalence: -0.011; estimate for conditional demand: –0.012 (MTF data)

- Estimated impact of spending at CDC recommended levels: minimum: 7.7% reduction in youth smoking prevalence; maximum: 22.2% reduction

- Estimates based on YRBS data suggest that greatest impact of spending on tobacco control programs is on earlier stages of youth smoking uptake

Sources: Farrelly, et al. 2001; Chaloupka et. al 2001
Case Study - Florida

• Program begun in 1998 with funds from state settlement with tobacco industry; focused on prevention of youth smoking

• Initial impact of program substantial – 47% reduction in smoking prevalence among middle school students and 30% reduction among high school students by 2001

• Spending on program reduced sharply in most recent years
  • Declines in middle school smoking almost leveled out; continued declines in high school smoking

Changes in smoking patterns consistent with evidence on impact of prices/programs on youth smoking

Sources: Farrelly, et al. 2001; Chaloupka et. al 2001
Conclusions

Substantial increases in cigarette and other tobacco product prices significantly reduce tobacco use and the public health toll caused by tobacco use.

Comprehensive tobacco control policies lead to further reductions in tobacco use among youth and adults.

Spending on comprehensive tobacco control programs leads to significant reductions in overall smoking and in the prevalence of youth smoking.

http://www.impactteen.org
http://www.uic.edu/~fjc
fjc@uic.edu