TOBACCO TAX INCREASES ARE NOT ENOUGH
STATES MUST ALSO INVEST IN TOBACCO PREVENTION PROGRAMS

The best way for a state to substantially reduce tobacco use and its attendant harms and costs is to establish an adequately funded comprehensive tobacco prevention program that employs a variety of effective approaches, including smoke-free laws and periodic tobacco tax increases. Nothing else will compete as successfully against the addictive power of nicotine and the tobacco industry's aggressive marketing tactics. A 2006 study published in the *American Journal of Health Promotion* provides evidence of the effectiveness of comprehensive tobacco control programs and tobacco control policies. The study's findings suggest that well-funded tobacco control programs combined with strong tobacco control policies increase cessation rates. Quit rates in communities that experienced both policy and programmatic interventions were higher than quit rates in communities that had only experienced policy interventions (excise tax increases or secondhand smoke regulations). This finding supports the claim that state-based tobacco control programs can accelerate adult cessation rates in the population and have an effect beyond that predicted by tobacco-control policies alone.[1]

By itself, a significant increase to a state's excise tax on cigarettes will directly reduce smoking, especially among youth. But combining tobacco tax increases with a comprehensive statewide tobacco prevention campaign will accelerate, expand, and sustain the tobacco use declines in the state, thereby saving more lives and saving more money. The rise in smokers' calls to quitlines following state cigarette tax increases shows how important it is to have cessation resources available to smokers who wish to quit in response to cigarette tax increases. For example, after the most recent cigarette tax increases in Michigan (from $1.25 to $2.00 per pack) and Montana ($0.70 to $1.70), smoker calls to the state smoking quitlines skyrocketed. In the six months after the tax increase, the Michigan quitline received 3,100 calls, compared to only 550 in the previous six months; and in Montana more than 2,000 people called in the first 20 days after the tax increase, compared to only 380 calls per month previously.[2] Likewise, in Texas and Iowa, the numbers of calls to their state quitlines have been much higher after each increased their cigarette taxes by $1.00 in 2007, compared to the previous year.[3] Probably the most dramatic example is from Wisconsin, which received a record-breaking 20,000 calls to its state quitline in the first *two months* after its $1.00 cigarette tax increase went into effect on January 1, 2008 – compared to typically 9,000 calls per *year* prior to the tax increase.[4] The evidence from the states is clear – when states increase their tobacco tax, the demand for assistance in quitting increases, and in many cases, increases dramatically.

State Examples

California increased its cigarette tax by 25 cents per pack in 1989 to fund the first statewide comprehensive anti-smoking campaign in the nation, which began operating in 1990. As a result, from 1990 to 1996 the state experienced a 25 percent decline in per capita consumption – compared to an 11.5 percent decline in the rest of the nation (Massachusetts excluded). [5]

> The state's 25-cent tax increase amounted to a 15.3 percent increase in state cigarette prices. According to economic research, that price increase should have produced a consumption decline of approximately 6.1 percent.[6] That leaves an additional 7.4 percent decline in California, above and beyond national declines, caused by the state tobacco prevention program (and other state-specific causes).

In 2016, California voters approved a $2.00 per pack cigarette tax increase that allocates 13 percent of tax revenue, after implementation costs, to comprehensive tobacco prevention and control funds, dramatically increasing tobacco control funds for the state beginning in 2017. While it is too early to measure the impact of this funding increase, it is likely to contribute to further smoking declines.

Massachusetts increased its state cigarette tax by 25 cents per pack in 1993 to establish the Massachusetts Tobacco Control Program (the second such major program in the country).[*] Between 1992 and 1996, per capita cigarette consumption in the state declined by 19.7 percent. At the same time, per capita consumption only decreased by 6.1 percent in the rest of the nation (California excluded).[7]

> The state's 25-cent tax increase amounted to a 13.8 percent increase in state cigarette prices, which translates into an expected consumption decline of about 5.4 percent. That leaves an additional 8.3 percent decline in Massachusetts, above and beyond national declines, caused by the state tobacco prevention program (and other state-specific causes).

Oregon increased its state cigarette tax by 30 cents per pack in 1997 to establish the state's new Tobacco Prevention and Education Program. Between 1996 and 1998, per capita cigarette consumption declined by 11.3 percent. Discounting other factors, the U.S. Centers for Disease Control & Prevention (CDC) estimated that up to 6.3 percent of the decrease was prompted by the tax increase, with most of the remainder likely caused by the state's comprehensive prevention program.[8]

Research Findings

- A study published in the *American Journal of Public Health*, examined state tobacco prevention and cessation funding levels from 1995 to 2003 and found that the more states spent on these programs, the larger the declines they achieved in adult smoking, even when controlling for other factors such as increased tobacco prices. The researchers also calculated that if every state had funded their programs at the levels recommended by the CDC during that period, there would have been between 2.2 million and 7.1 million fewer smokers in the United States by 2003.[9] The Campaign for Tobacco-Free Kids estimates that such smoking declines would have saved between 700,000 and 2.2 million lives as well as between $20 billion and $67 billion in health care costs.

- The study described above adds to earlier research, using similar methods, which demonstrated the same type of relationship between program spending and youth smoking declines. A 2005 study concluded that if every state had spent the minimum amount recommended by the CDC for tobacco prevention, youth smoking rates nationally would have been between three and 14 percent lower during the study period, from 1991 to 2000. Further, if every state funded tobacco prevention at CDC minimum levels, states would prevent nearly two million kids alive today from becoming smokers, save more than 600,000 of them from premature, smoking-caused deaths, and save $23.4 billion in long-term, smoking-related health care costs.[10]

- A study published in the *Journal of Health Economics* found that states with the best funded and most sustained tobacco prevention programs during the 1990s – Arizona, California, Massachusetts and Oregon – reduced cigarette sales more than twice as much as the country as a whole (43% compared to 20%). This new study, the first to compare cigarette sales data from all the states and to isolate the impact of tobacco control program expenditures from other factors that affect cigarette sales, demonstrates a dose-response relationship between spending on tobacco prevention and declines in smoking. In essence, the more states spend on tobacco prevention, the greater the reductions in smoking, and the longer states invest in such programs, the larger the impact. The study concludes that cigarette sales would have declined by 18 percent instead of nine percent between 1994 and 2000 had all states fully funded tobacco prevention programs.[11]

- A study of smoking declines in Massachusetts found that more than 55 percent of the declines in state cigarette sales from 1992 and 1998 were due to the efforts of the Massachusetts Tobacco Control Program. The study noted that other factors, such as rising cigarette prices, contributed to the declines in smoking in Massachusetts but concluded that "the single most important factor appears to be the Tobacco Control Program."[12]

---

[*] The Massachusetts Tobacco Control Program is no longer funded with revenue dedicated from the 25-cent state cigarette tax.

- A study in the *American Journal of Public Health* found that both the 25-cent cigarette tax increase and the state's anti-smoking media campaign were statistically significant in reducing cigarette sales in California from 1990 to 1992. Results show that the tax increase contributed to an 819 million pack decline in cigarette sales, and the anti-smoking media campaign reduced cigarette sales by 232 million packs. [13]

- A 1998 study in the *Journal of the American Medical Society* found that California's progress in reducing adult and youth smoking stalled when the state cut its tobacco prevention funding in the mid 1990s. Similarly, the impressive initial declines in youth smoking after Florida began its own state tobacco control program completely stopped among some age groups and or even reversed among others after subsequent funding cuts.[14]

Given these findings, it is not surprising that other studies have found that, when adequately funded, the Massachusetts tobacco prevention program was reducing smoking-caused healthcare costs in the state by two dollars for every single dollar spent on the program, and that the longer-running California program was saving more than $3.50 for every dollar the state spent on the program.[15] A recent study published in the *American Journal of Public Health* found that for every dollar spent by Washington's tobacco prevention program in the last ten years, the state saved more than $5 in reduced hospitalization costs.[16] California's tobacco prevention program found that for every dollar the state spent on its tobacco control program from 1989 to 2004, the state received tens of dollars in savings in the form of sharp reductions to total healthcare costs in the state.[17] These findings from California confirm that the cost-saving benefits from sustained state investments in effective tobacco control programs quickly grow over time to dwarf the state expenditures, producing massive gains for the state not only in terms of both improved public health and increased worker productivity but in reduced government, business, and household costs.

Campaign for Tobacco-Free Kids, January 19, 2018 / Meg Riordan

More information on the benefits from state investments in comprehensive tobacco prevention efforts is available at https://www.tobaccofreekids.org/what-we-do/us/prevention-cessation.

More information on the benefits from state tobacco tax increases is available at https://www.tobaccofreekids.org/what-we-do/us/state-tobacco-taxes.

---

[1] Hyland, A, et al., "State and Community Tobacco-Control Programs and Smoking – Cessation Rates Among Adult Smokers: What Can We Learn From the COMMIT Intervention Cohort?" *American Journal of Health Promotion* 20(4):272, April/March 2006.
[2] "Tobacco Tax Pushing Smokers to Quit, State Says," *WMMT News*, January 26, 2005; Ecke, R, "Phone Lines Smokin' With Quit Line Calls," *Great Falls Tribune*, January 26, 2005.
[3] Souza, M, "Thank you for Smoking," *Longview-News Journal*, April 22, 2007; "Calls to Quitline Iowa double after cigarette tax raised," *AP*, March 22, 2007.
[4] Wisconsin Tobacco Quitline, "Calls to Wisconsin Tobacco Quit Line Break All Records," Press Release, February 28, 2008.
[5] U.S. Centers for Disease Control and Prevention (CDC), "Cigarette smoking before and after an excise tax increase and an antismoking campaign – Massachusetts, 1990-1996," *Morbidity and Mortality Weekly Report* (*MMWR)* 45:966-70, November 8, 1996, http://www.cdc.gov/mmwr/preview/mmwrhtml/00044337.htm.
[6] See, e.g., Campaign for Tobacco-Free Kids Factsheet, *Raising Cigarette Taxes Reduces Smoking, Especially Among Kids (and the Cigarette Companies Know It)*, and the sources cited therein, http://tobaccofreekids.org/research/factsheets/pdf/0146.pdf.
[7] CDC, "Cigarette smoking before and after an excise tax increase and an antismoking campaign – Massachusetts, 1990-1996," *MMWR* 45:966-70, November 8, 1996, http://www.cdc.gov/mmwr/preview/mmwrhtml/00044337.htm.
[8] CDC, "Decline in cigarette consumption following implementation of a comprehensive tobacco prevention and education program – Oregon 1996 -1998," *MMWR* 48(07):140-03, February 26, 1999, http://www.cdc.gov/mmwr/preview/mmwrhtml/00056574.htm.
[9] Farrelly, MC, et al., "The Impact of Tobacco Control Programs on Adult Smoking," *American Journal of Public Health* 98:304-309, February 2008.
[10] Tauras, JA, et al., "State Tobacco Control Spending and Youth Smoking," *American Journal of Public Health* 95:338-344, February 2005.
[11] Farrelly, MC, et al., "The impact of tobacco control program expenditures on aggregate cigarette sales: 1981-2000," *Journal of Health Economics* 22:843-859, 2003.
[12] Farrelly, M, letter to the editor, *Boston Globe*, December 9, 2002 [Farrelly is a tobacco researcher at the Research Triangle Institute in Research Triangle Park, North Carolina].
[13] Hu, T-W, et al., "Reducing Cigarette Consumption in California: Tobacco Taxes vs. an Anti-smoking Media Campaign," *American Journal of Public Health* 85:1218-1222, 1995.

[14] Pierce, JP, et al., "Has the California Tobacco Control Program Reduced Smoking?," *Journal of the American Medical Association* 280(10):893-899, September 9, 1998; Florida Department of Health, *2001 Florida Youth Tobacco Survey*, Volume 4, Report 1; October 22, 2001.
[15] Harris, J, "Status Report on the Massachusetts Tobacco Control Campaign, with a Preliminary Calculation of the Impact of the Campaign on Total Health Care Spending in Massachusetts," 2000; Tobacco Control Section, California Department of Health Services, *California Tobacco Control Update*, April 2000.
[16] Dilley, Julia A., et al., "Program, Policy and Price Interventions for Tobacco Control: Quantifying the Return on Investment of a State Tobacco Control Program," *American Journal of Public Health*, Published online ahead of print December 15, 2011.
[17] Lightwood, JM, et al., "Effect of the California Tobacco Control Program on Personal Health Care Expenditures," *PLOS Medicine* 5(8):1214-22, August 2008, http://medicine.plosjournals.org/perlserv/?request=get-document&doi=10.1371%2Fjournal.pmed.0050178.