

The Power of

ALL

TOBACCO
PRICING IN
COLORADO:
Options &
Potential Impacts



INTRODUCTION

UNIFYING STRATEGY

Tobacco use is a youth epidemic and a health equity issue. Educate audiences on policies (such as price) that influence tobacco use.

COORDINATED APPROACH

Reduce youth access by preventing illegal underage sales of tobacco products (licensing).

HOW

Through Point of Sale interventions, considering spectrum of funding, capacity and readiness:

- Education on policies that impact tobacco use
- Education and community mobilization around tobacco retailer licensing (non-cigarettes, T21, all tobacco products)
- Education on the benefits of increasing tobacco prices

PURPOSE

Examine how raising the price of tobacco can reduce initiation of smoking among youth, and reduce consumption and increase willingness to quit among low-SES adults.

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MESSAGING ROLE PLAY



Activity A

Think about a program goal you might have in the next year. Describe groups you'll be working with in your community, and how you might educate them about the benefits of tobacco price increases.

Report out by table.

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THE FACTS

While **smoking on average has been declining** over recent decades, there are certain groups that are **still affected disproportionately** by the toll of tobacco.

In this presentation, we will focus specifically on:

Youth
Low-SES adults

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THE FACTS

GROUPS SENSITIVE TO TOBACCO PRICE

YOUTH (AGES 12-17)

The vast majority of tobacco users **start at a young age.**

- According to the National Survey on Drug Use and Health, nearly **90 percent of all adult smokers begin smoking by age 18 and 99 percent do so by age 26.**

While cigarette **smoking rates are on the decline** among Colorado youth, with 7.2 percent of them smoking cigarettes, **vaping may be offsetting the difference**, as 27 percent of Colorado youth currently vape.

E-cigarettes are now the most commonly used tobacco product among middle and high schoolers.

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THE FACTS

GROUPS SENSITIVE TO TOBACCO PRICE

LOW-SES ADULTS

Household Income of \$50,000 or less

Although smoking among Coloradans has decreased significantly, there is a substantial disparity by income level.

While the overall current smoking rate in Colorado stands at 14.6% of the state's adult population, **24% of Colorado low-SES adults smoke**. The smoking prevalence among other Colorado adults is only 10%.

Among all adults who smoke, low-SES smokers are more likely to smoke daily and more likely to be a heavy smoker.

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THE OPPORTUNITY

TOBACCO PRICE INCREASES

Given their limited financial resources, **both youth and low-SES** adults are **more sensitive to price increases** in tobacco.



That makes them less likely to smoke when prices increase.

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THE OPPORTUNITY

SUPPORTERS OF PRICE INCREASES

A number of influential public health organizations recommend tobacco price increases as a strategy for tobacco control, including:

- Centers for Disease Control and Prevention (CDC)
- Institute of Medicine
- U.S. Surgeon General
- World Health Organization
- Tobacco Free Kids
- American Lung Association
- American Cancer Society
- American Heart Association
- American Stroke Association
- American Academy of Pediatrics

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THE OPPORTUNITY

WHAT'S THE BUZZ?

SURGEON GENERAL

...has called raising prices on cigarettes **“one of the most effective tobacco control interventions”** because it is proven to reduce smoking, especially among kids.

TOBACCO FREE KIDS

...states: “Although there are many other factors involved, the trends in cigarette prices and overall U.S. cigarette consumption from 1970 to 2015 show that there is a **strong correlation between increasing prices and decreasing consumption.**”

THE CDC

...calls **increasing the price of tobacco products a key part** of its four-part “tobacco-control vaccine,” along with smoke-free policies, access to resources that help people quit smoking, and hard-hitting mass media campaigns.

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BENEFITS OF PRICE INCREASES

BY RAISING THE PRICE OF TOBACCO,
YOU CAN HELP TO:

- **Reduce initiation** of tobacco use among youth
- Reduce the total **amount of tobacco consumed**
- Reduce **how many people use tobacco**
- Increase the number of **tobacco users who quit**
- **Support smokers** trying to quit smoking

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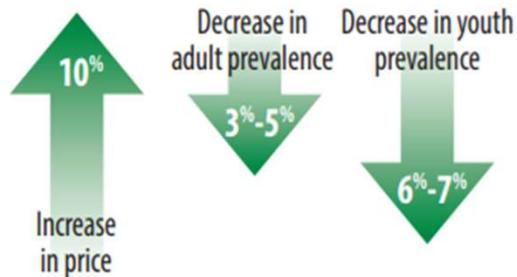
BENEFITS OF PRICE INCREASES

AND IN TURN, THIS:

- **Reduces tobacco-related death and disease**
- **Reduces the cost to states** (e.g., Medicaid) of caring for people with tobacco-related health conditions
- Reduces people's **exposure to secondhand smoke**
- Reduces **chronic health conditions** caused by tobacco use (e.g., heart disease, cancer)

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Effects of Cigarette Price Increases on Smoking Prevalence



Source: Pricing Policy: A Tobacco Control Guide. Tobacco Control Legal Consortium.

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BACKGROUND

COLORADO'S TOBACCO TAX

HISTORY OF TOBACCO PRICES & CONSUMPTION

In 2004 Colorado voters approved **Amendment 35**, a tax increase on cigarettes and other tobacco products.

- The tax began Jan. 1, 2005 and included a **64-cent increase** on a pack of cigarettes, to a total of 84 cents, and a 20 percent increase on other tobacco products -- this doesn't include vaping products, as they were not on the market in 2004.

This tobacco tax increase temporarily brought Colorado in line with the **national average** for tobacco taxes.

By 2007, however, the average tax on a pack of cigarettes nationally was **\$1.05**, dropping Colorado into the lower range of states once again.

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BACKGROUND

COLORADO'S TOBACCO TAX

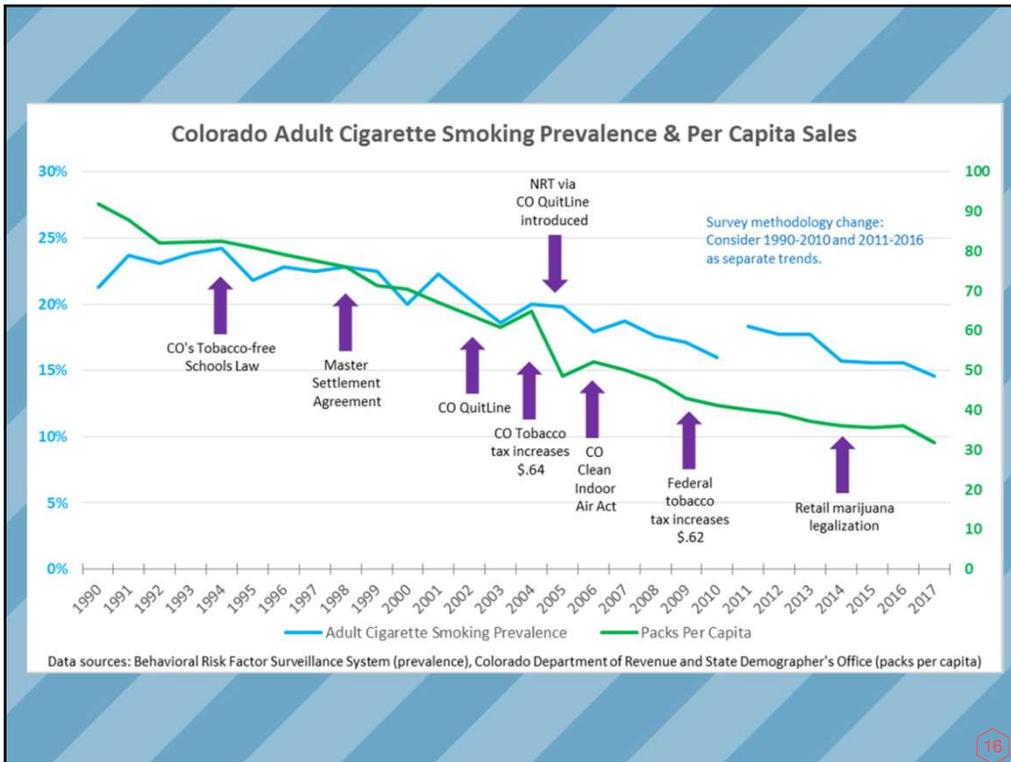
HISTORY OF TOBACCO PRICES & CONSUMPTION

Although Colorado's adult smoking rate hovered around 21 percent between 1995 and 2004, **between 2005 and 2010 the percentage of adult smokers in Colorado fell to 16 percent.**

Unfortunately, as the Colorado Health Institute stated, "The effects of a tobacco tax increase **diminish over time.** Between 2010 and 2017, Colorado's adult **smoking rate decreased just 1.4 percentage points**, from 16 percent to 14.6 percent, while national rates continued to decline."

And in 2017, the adult smoking rate stayed flat at 14.6 percent.

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BACKGROUND

COLORADO'S TOBACCO TAX

HOW COLORADO COMPARES TO OTHER STATES

Colorado ranks 39th in the nation for the amount of its cigarette excise tax (\$0.84).

It is among 19 states that have not increased their cigarette taxes in 10 or more years.

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HISTORY OF COLORADO TOBACCO TAX STATE EFFORTS

THREE ATTEMPTS

1994 - failed

- Proposed 50% tax and 2.5 cents per cigarette
- 61 percent voted against the tax

2004 - passed

- Increased tax from 20 cents to 84 cents
- 61 percent voted in favor of tax increase

2016 - failed

- Proposed additional \$1.75 tax increase
- Opponents financed by Philip Morris
- 54 percent voted against the tax

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COUNTERARGUMENTS

REGRESSIVITY

THE CONCERN

Some opponents argue that increasing the price of tobacco would be **regressive**.

That is to say: low-SES individuals have higher smoking rates than middle- to high-SES individuals, meaning their expenditures for cigarettes account for a greater share of their household budget, so a tax would **further squeeze their budgets**.

THE REALITY

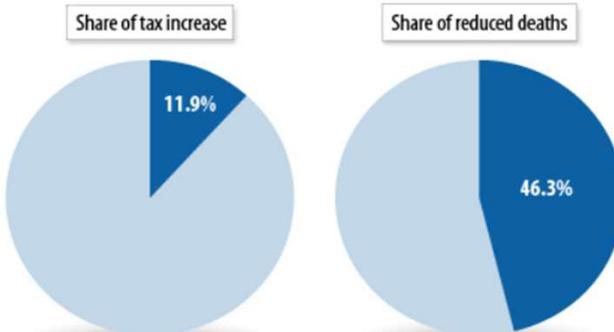
One leading study estimates that people with incomes below the median **reduce their cigarette consumption by four times** more than people with incomes above the median in response to cigarette price increases.

Because low-income people are more sensitive to changes in tobacco prices, they will be more likely than high-income people to **smoke less, quit, or never start in response to a tax increase**. This means that the health benefits and ongoing cost savings resulting from the tax increase would be **progressive**.

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Figure 2

Low-SES People Paid 12 Percent of the 2009 Tobacco Tax Increase But Received 46 Percent of the Health Benefits



Note: Policymakers in 2009 raised the federal tobacco tax from 39 cents per pack to \$1.01 to help fund the Children's Health Insurance Program.

Source: Frank Chaloupka, "The Science Behind Tobacco Taxation," presented August 16, 2012 at the National Conference on Tobacco and Health, Kansas City MO.

Center on Budget and Policy Priorities | cbpp.org

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COUNTERARGUMENTS

TAX AVOIDANCE

THE CONCERN

When adult tobacco consumers react to tax increases by **shifting their purchases across state or city lines** or other sources, legitimate retailers and wholesalers lose sales and revenues.

THE REALITY

A study from Tobacconomics found that that concerns about cigarette smuggling in response to a cigarette tax increase are **"greatly exaggerated."**

TOBACCONOMICS STATES:

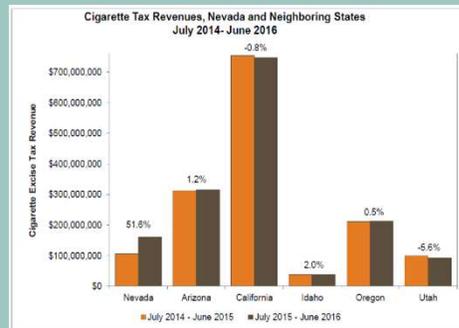
"Every state that has passed a significant cigarette tax increase has enjoyed a **substantial, sustained increase in its state cigarette tax revenues**" – and nearby states have not.

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COUNTERARGUMENTS

CASE STUDY: NEVADA

After **Nevada raised its tobacco tax higher than neighboring states**, many worried that people would cross state lines for cheaper tobacco, but Nevada was actually **the only state whose cigarette revenue increased** after the tax was implemented.



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HOW TO USE THIS IN YOUR WORK

WHY YOU SHOULD TALK ABOUT TOBACCO PRICING IN YOUR COMMUNITY

- One of the most effective ways to reduce tobacco's burden
- You are the tobacco control expert in your community; therefore you have a **responsibility** to educate your community
- Part of STEPP's unified strategy



HOW TO USE THIS IN YOUR WORK

HOW YOU SHOULD TALK ABOUT TOBACCO PRICING IN YOUR COMMUNITY

- Educate your community about tobacco use issues, burdens and disparities
- Educate your community about why tobacco pricing matters – who it helps and how
- Focus on the issue of tobacco price generally – not tobacco taxes specifically



HOW TO USE THIS IN YOUR WORK

DOS AND DON'TS OF TALKING ABOUT TOBACCO PRICING

DO...

- Educate your community on the reality of tobacco's burden even today
- Educate your community on why tobacco pricing matters
- Provide resources to share with people who have more questions

DON'T...

- Assume everyone understands how tobacco price impacts use and prevalence
- Talk about taxes – STEPP grantees are not authorized to advocate for tax increases, only to educate about the benefits of price increases



MESSAGING TOOLKIT

What it is and how to use it



MESSAGING ROLE PLAY



FOR THIS PORTION, PLEASE REFER TO YOUR MESSAGING DOCUMENTS.

Activity B

Create an elevator speech tailored to the audience identified in the first activity.

Present your elevator speech table by table to the room.

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MESSAGING ROLE PLAY



FOR THIS PORTION, PLEASE REFER TO YOUR MESSAGING DOCUMENTS.

Activity C

A board member of your health department is concerned that a tax will actually hurt low-SES families in your community. What do you need to tell them? Develop a few talking points addressing this argument that appeals to health-equity minded audiences.

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MESSAGING ROLE PLAY



FOR THIS PORTION, PLEASE REFER TO YOUR MESSAGING DOCUMENTS.

Activity D

A coalition member believes that increasing the price of tobacco products is an unfair tax hike that people will likely just avoid. Develop a few talking points addressing this argument that appeals to economic-minded audiences.

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THE POWER OF ALL

Do you feel prepared to begin educating your community about price?

What else do you need to be prepared?



THE POWER OF ALL

QUESTIONS?

