

# The Impact of Tobacco Tax Increases on Low-Income Populations



## Significant Tobacco Tax Increases Reduce Tobacco Use

Significantly increasing the price of tobacco is an effective part of a comprehensive approach to reducing tobacco use.<sup>i</sup> Tobacco tax increases are endorsed by the U.S. Surgeon General as a highly effective tobacco control strategy because increasing price is proven to reduce smoking, especially among youth and low-income populations.<sup>ii</sup> Tobacco tax increases produce reliable sources of new revenue that can fund state tobacco control programs. The health impact of tobacco tax increases can be magnified by utilizing the revenue from tax increases to help fund state tobacco prevention and cessation programs. These programs can counter the tobacco industry's targeting of vulnerable populations while providing resources to support those trying to quit and other health programs that directly benefit populations with higher tobacco use and deaths due to tobacco, including low-income communities.

## The Tobacco Industry Targets Low-Income Populations

The tobacco industry likes to negatively characterize the impact of higher tobacco taxes on low-income populations. This tobacco industry "spin" misses the public health impact of tobacco tax increases: reducing smoking, saving lives and preventing tobacco-related disease. The tobacco industry has a long and well-documented history of targeting low-income populations with discounts and promotions of its deadly and addictive products dating back over 60 years.<sup>iii,iv,v</sup> Historically to target low-income individuals the tobacco industry:

- Handed out free cigarettes to children in housing projects, particularly targeting low-income Black children.<sup>vi</sup>
- Provided tobacco coupons with food stamps, particularly targeted at low-income Black and Latinx families.<sup>vii</sup>
- Targeted coupons at low socioeconomic status women.<sup>viii</sup>
- Gave away gas cash cards and other rewards debit cards, targeted at low socioeconomic status women.<sup>ix</sup>

Tobacco industry influence on low-income communities continues today. Tobacco retailers are disproportionately located in low-income communities where tobacco retailers are more likely to be near schools than in other neighborhoods.<sup>x</sup> The more tobacco retailers, the more exposure to tobacco marketing individuals face. In fact, retail marketing, including in-store advertising, product displays, and discounts accounts for a large portion of the tobacco industry's marketing budget. It is hypocritical for the tobacco industry to claim concern for low-income communities as a reason to oppose tobacco tax increases, while at the same time targeting them to increase sales.

## Tobacco Use and the Health Impact from it Hurts Low-Income Populations

Current low tobacco prices continue to incentivize smoking for low-income and other targeted populations, causing these groups to shoulder a disproportionate share of the real cost of tobacco use. In 2018 smoking rates were particularly high for those with an annual household income less than \$35,000 for whom the smoking rate was 21.3%, well above the overall adult smoking rate of 13.7%.<sup>xi</sup>

The truth is that low-income populations are more likely to quit in response to regular and significant tobacco tax increases.<sup>xii</sup>

The tobacco industry has it backwards: it is the impact of smoking that is regressive. The higher smoking rates among lower-income groups means medical costs borne by individuals and families for treating higher rates of tobacco-related disease, including cancer, heart disease, emphysema and COPD disproportionality impacts low-income communities.

## Tobacco tax increases can reduce health-related disparities when more low-income smokers quit.<sup>xiii,xiv,xv</sup>

Health disparities stemming from tobacco use further contribute to other economic disparities when the high cost of cancer, heart disease, lung disease, and other chronic illness is considered. In *The Economic and Health Benefits of Tobacco Taxation*, the World Health Organization stated "all the evidence shows that poorer tobacco consumers are far more responsive to increases in price than higher income consumers, and therefore benefit the most in terms of avoiding death and disease associated with tobacco use."<sup>xvi</sup> Low-income populations disproportionately reap the health and financial benefits of reduced smoking.

Research has determined that due to reduced smoking rates resulting from the 2009 federal tobacco tax increase, 46% of the lives saved were among those below the poverty line, even though this group paid just 12% of the tax increase.<sup>xvii</sup>

Tobacco tax increases reduce current tobacco use among adults who smoke and prevent kids from starting to use tobacco. And the prevention benefits extend to future generations who grow up in tobacco-free households.

In response to tobacco tax increases, low-income populations quit smoking at higher rates than higher income populations.<sup>xviii</sup> When tobacco tax increases help people who use tobacco quit, it saves them money out of pocket for the retail cost of tobacco products. Additionally, reducing tobacco use saves money beyond the retail cost of tobacco products, with additional savings occurring in terms of preventing the health care costs of tobacco use.

## ACS CAN's Position

ACS CAN advocates for regular and significant increases in federal, state, and local excise taxes that will increase the price of all tobacco products, including e-cigarettes.

- Tax increases should be more than \$1.00 per pack of cigarettes and an equivalent percent of price tax on all other tobacco products to produce a meaningful reduction in tobacco consumption and tobacco-related disease and death.
- There should be tax parity for all tobacco products, including cigarettes, e-cigarettes, pipe tobacco, small and large cigars, snus, and all other smokeless tobacco products.
- Tax increases should be just one part of a comprehensive approach to tobacco control, including creating 100% smoke-free environments and fully funding effective tobacco prevention and cessation programs.

<sup>i</sup> Centers for Disease Control and Prevention (CDC). Best Practices for Comprehensive Tobacco Control Programs—2014. Atlanta: 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, 2014.

<sup>ii</sup> U.S. Department of Health and Human Services. The Health Consequences of Smoking: 50 Years of Progress. A Report of the Surgeon General. Atlanta, GA: 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, 2014. Printed with corrections, January 2014.

<sup>iii</sup> U.S. Department of Health and Human Services. Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General. Atlanta, GA: 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, 2012.

<sup>iv</sup> Brown-Johnson, CG, England, LJ, Glantz, SA, and Ling, PM. Tobacco industry marketing to low socio-economic status women in the U.S. *Tob Control*, 23(0): e139–e146, 2014.

<sup>v</sup> Siahpush, M, Farazi, P, Kim, J, Michaud, T, Yoder, A, Soliman, G, Tibbits, Nguyen, M, Shaikh, R. Social disparities in exposure to point-of-sale cigarette marketing. *Int J of Environ Res Public Health*, 13(12): 1263, 2016.

<sup>vi</sup> Tobacco Control Legal Consortium. *Evans v. Lorillard: A Bittersweet Victory Against the Tobacco Industry*. Updated August 2016. <http://www.publichealthlawcenter.org/sites/default/files/resources/tclc-Evans-v-Lorillard-case-study-2016.pdf>

<sup>vii</sup> Brown-Johnson CG, England LJ, Glantz SA, et al. Tobacco industry marketing to low socioeconomic status women in the USA. *Tobacco Control* 2014;23:e139-e146.

<sup>viii</sup> *Ibid.*

<sup>ix</sup> *Ibid.*

<sup>x</sup> truth initiative. “Why Are 72% of Smokers from Lower-Income Communities?” January 24, 2018. <https://truthinitiative.org/news/why-are-72-percent-smokers-lower-income-communities>

<sup>xi</sup> Centers for Disease Control and Prevention. Tobacco Product Use and Cessation Indicators Among Adults – United States, 2018. *Morbidity and Mortality Weekly Report* 68(45); 1013-1019. November 15, 2019.

<sup>xii</sup> International Agency for Research on Cancer, “Tax, price and tobacco use among the poor,” *Effectiveness of Tax and Price Policies for Tobacco Control*, IARC Handbook of Cancer Prevention Volume 14, 2011.

<sup>xiii</sup> U.S. National Cancer Institute and World Health Organization. *The Economics of Tobacco and Tobacco Control*. National Cancer Institute Tobacco Control Monograph 21. NIH Publication No. 16-CA-8029A. Bethesda, MD: U.S. Department of Health and Human Services, National Institutes of Health, National Cancer Institute; and Geneva, CH: World Health Organization, 2016.

<sup>xiv</sup> CDC, 2014

<sup>xv</sup> Center for Public Health Systems Science. Pricing Policy: A Tobacco Control Guide. St. Louis, MO: The Center for Public Health Systems Science at the Brown School at Washington University in St. Louis and the Tobacco Control Legal Consortium; 2014.

<sup>xvi</sup> WHO, The Economic and Health Benefits of Tobacco Taxation, 2015, [http://apps.who.int/iris/bitstream/10665/179423/1/WHO\\_NMH\\_PND\\_15.6\\_eng.pdf?ua=1&ua=1](http://apps.who.int/iris/bitstream/10665/179423/1/WHO_NMH_PND_15.6_eng.pdf?ua=1&ua=1).

<sup>xvii</sup> Chaloupka FJ. The science behind tobacco taxation, presented Aug. 16, 2012 at the National Conference on Tobacco or Health, Kansas City, MO. See also Center for Budget and Policy Priorities, Higher tobacco taxes can improve health and raise revenue: <http://www.cbpp.org/research/higher-tobacco-taxes-can-improve-health-and-raise-revenue>.

<sup>xviii</sup> U.S. National Cancer Institute (NCI) & World Health Organization (WHO), *The Economics of Tobacco and Tobacco Control*, National Cancer Institute Tobacco Control Monograph 21, NIH Publication No. 16-CA-8029A, Bethesda, MD: HHS, National Institutes of Health, National Cancer Institute; and Geneva, CH: World Health Organization; 2016, [https://cancercontrol.cancer.gov/brp/tcrb/monographs/21/docs/m21\\_complete.pdf](https://cancercontrol.cancer.gov/brp/tcrb/monographs/21/docs/m21_complete.pdf).