



EXCERPTS FROM THE 2012 AND 2014 SURGEON GENERAL'S REPORTS SUPPORTING TOBACCO TAX INCREASES

The 2012 Surgeon General's Report, *Preventing Tobacco Use Among Youth and Young Adults*,¹ and the 2014 Surgeon General's Report, *The Health Consequences of Smoking—50 Years of Progress*,² reviewed the available research and found strong support for increasing tobacco taxes to reduce tobacco use. Noting that the "current rate of progress in tobacco control is not fast enough. More needs to be done," the 2014 Surgeon General's report calls for a number of specific actions, including: **"Raising the average excise cigarette taxes to prevent youth from starting smoking and encouraging smokers to quit."** (pg. 875)

Increasing the price of tobacco products, including increasing the tax, reduces tobacco use.

Excerpts from the 2012 Surgeon General's Report:

"Coordinated, multicomponent interventions that combine mass media campaigns, price increases including those that result from tax increases...are effective in reducing the initiation, prevalence, and intensity of smoking among youth and young adults." (pg. 8)

"A majority of the existing research suggests that the effects of price on smoking prevalence involve both a decrease in initiation of smoking among youth and an increase in cessation among young adults." (pg. 707)

"Most of the research over the past decade has concluded that increases in cigarette prices lead to reductions in the prevalence of smoking and its intensity among youth and young adults." (pg. 707)

"Most of the recent research has concluded that adolescents and young adults are more responsive than adults to changes in cigarette prices." (pg. 707)

"Federal, state, and local taxes that raise prices on tobacco products improve public health by reducing initiation, prevalence, and intensity of smoking among young people. Comprehensive reviews of the literature on the effect of price on tobacco consumption estimate a 3–5% reduction in overall cigarettes consumed as a result of a 10% increase in cigarette prices, and youth and young adults have proven to be even more responsive than adults to higher cigarette prices...." (pg. 809-810)

"Higher cigarette prices, including those resulting from increased excise taxes, have also been shown to increase cessation among young adults; one study (Tauras 2004) confirmed a positive relationship between cigarette prices and smoking cessation, with a 10% rise in price increasing successful cessation by young adults by an estimated 3.5%." (pg. 810)

"Clearly, making smokeless tobacco products available more cheaply could promote their use among price-sensitive youth. In addition, disparities in tobacco taxation (i.e., higher taxes for cigarettes than for smokeless tobacco) could result in a switch to smokeless tobacco among young males...." (pg. 202)

"Tobacco control policies, including higher taxes on smokeless tobacco...are effective in reducing the use of smokeless tobacco among adolescent males...." (pg. 802)

Excerpts from the 2014 Surgeon General's Report:

"Raising prices on cigarettes is one of the most effective tobacco control interventions." (pg. 869)

"The evidence is sufficient to conclude that increases in the prices of tobacco products, including those resulting from excise tax increases, prevent initiation of tobacco use, promote cessation, and reduce the prevalence and intensity of tobacco use among youth and adults." (pg. 827)

"Additional price increases would accelerate progress in reducing youth and young adult rates of tobacco use." (pg. 869)

"Evidence shows that large tax and, hence, price increases will decrease tobacco use each time they are implemented." (pg. 852)

The report notes that there are “evidence-based strategies that can rapidly drop youth initiation and prevalence rates down to single digits . . .” (p.872) In addition, the report reviews, “a broad range of well-defined and effective interventions proven to reduce adult smoking rates if implemented and sustained at funding levels consistent with CDC’s recommended levels.” (p.872) Among these “effective programs and policies,” is “a higher average retail price of cigarettes in the United States. Experience from across the globe suggests at least \$10 a pack in the United States.” (p.872)

“The 2009 U.S. federal tax increase on cigarettes and subsequent tax increases at the state and local levels represent recent successes in tobacco control.” (pg. 792)

“In February 2009, the Children’s Health Insurance Program Reauthorization Act, Public Law 111-3, U.S. Statutes at Large 8 was signed, which included an unprecedented \$0.62 increase in the federal excise tax on cigarettes to \$1.01 per pack. This single legislative act— increasing the price of cigarettes—is projected to have reduced the number of middle and high school students who smoke by over 220,000 and the number using smokeless tobacco products by over 135,000.” (pg. 869)

“Increasing the federal tax for noncigarette products, implementing systems to control for tax avoidance and evasion (e.g., high-tech tax stamps and track and trace systems), shrinking the tax disparity between states and localities, and establishing a taxation system that accounts for inflation, would likely improve the impact of taxes on the prevalence of tobacco use, especially among young smokers most sensitive to price. Closing the gap in these federal tax rates would further reduce tobacco use and increase tobacco revenues at the federal level.” (pg. 792)

“Taxes on tobacco provide revenue to governments at a relatively low administrative cost, making these taxes especially appealing. Moreover, higher taxes have decreased consumption of tobacco products, especially cigarettes, and thereby improved public health.” (pg. 788)

“Five general conclusions can be drawn from these reviews (Chaloupka 2011; IARC 2011). First, increases in cigarette prices can lead to substantial reductions in cigarette smoking. The consensus estimate from the two reviews is that a 10% increase in cigarette price will result in a 3–5% reduction in overall cigarettes consumed. Second, increases in cigarette prices will decrease not only the prevalence of smoking but also the average number of cigarettes smoked by smokers. Third, much previous research on cigarette consumption among youth suggests that both youth and young adults are more responsive than adults to changes in cigarette prices, with several studies finding youth and young adults to be two to three times as responsive to changes in price as adults (see USDHHS 2012 for a complete review). Fourth, there is greater price responsiveness among lower income populations (IARC 2011). Finally, state excise tax increases create revenues for states.” (pg. 789)

Dedicating revenue from tax increases to funding prevention program amplifies public health benefits.

Excerpts from the 2012 Surgeon General's Report:

“In addition, the combination of program activity and increases in tobacco taxes was found to reduce cigarette consumption more than would be expected from price increases alone.” (pg. 694)

Industry price promotions are used to counter the impact of tobacco tax increases.

Excerpts from the 2012 Surgeon General's Report:

“...given the evidence on the price sensitivity of tobacco use among youth that is discussed in detail in Chapter 6, along with the evidence on the impact of tax increases on prices discussed below, it is possible that the observed reductions in smoking among youth would have been even larger had the price increases from state and federal taxes not been offset at least partially by discounting and other price-related promotions by cigarette companies.” (pg. 526)

“...it can be concluded that the industry’s extensive use of price-reducing promotions has led to higher rates of tobacco use among young people than would have occurred in the absence of these promotions.” (pg. 530)

“Evidence in this chapter also outlines industry actions to attract price-sensitive populations such as youth to their products, as well as to soften the price impact on consumers of increases in federal and state tobacco excise taxes (Chaloupka et al. 2002). Because there is strong evidence that as the price of tobacco products increases, tobacco use decreases, especially among young people, then any actions that mitigate

the impact of increased price and thus reduce the purchase price of tobacco can increase the initiation and level of use of tobacco products among young people.” (pg. 599)

Excerpts from the 2014 Surgeon General's Report:

“...the tobacco industry has developed extremely sophisticated mechanisms to blunt and mitigate the effects of price increases. These include Web-based, mail-order, brand repositioning, and store-based discounting that is timed to scheduled price increases.” (pg. 791)

“...the tobacco industry has used a mixture of actions to alter the prices of their products, including a variety of price-reducing promotions, and that these actions attract price-sensitive populations such as youth to their products, as well as soften the price impact on consumers of increases in federal and state tobacco excise taxes.” (pg. 797)

¹ U.S. Department of Health and Human Services (HHS), *Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General*, Atlanta, GA: HHS, Centers for Disease Control and Prevention (CDC), National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health 2012, <https://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/index.html>.

² HHS, *The Health Consequences of Smoking: 50 Years of Progress. A Report of the Surgeon General*, Atlanta, GA: HHS, CDC, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014, <http://www.surgeongeneral.gov/library/reports/50-years-of-progress/index.html>.