

CIGARETTE TAXES AND KIDS

Research conducted by the University of Illinois at Chicago, Health Research and Policy Centers indicates that if you want to keep kids from smoking, raise excise taxes.

BACKGROUND

Members of congress, legislators, and other policymakers across the nation are very concerned with the high level of adolescent smoking. While a wide range of legislative proposals have been pursued, conflicting research on the impact public policy has on preventing youth smoking initiation has hampered major adolescent anti-smoking initiatives, including those which propose increases in cigarette taxes. Despite past beliefs – the fundamental laws of economics do apply to the demand for tobacco products, and the five studies presented in this brief, together with other related research, explicitly find a strong relationship between price and consumption.

The fact is, raising tobacco prices is no longer solely a means of generating revenue, rather, a proven measure to reduce smoking.

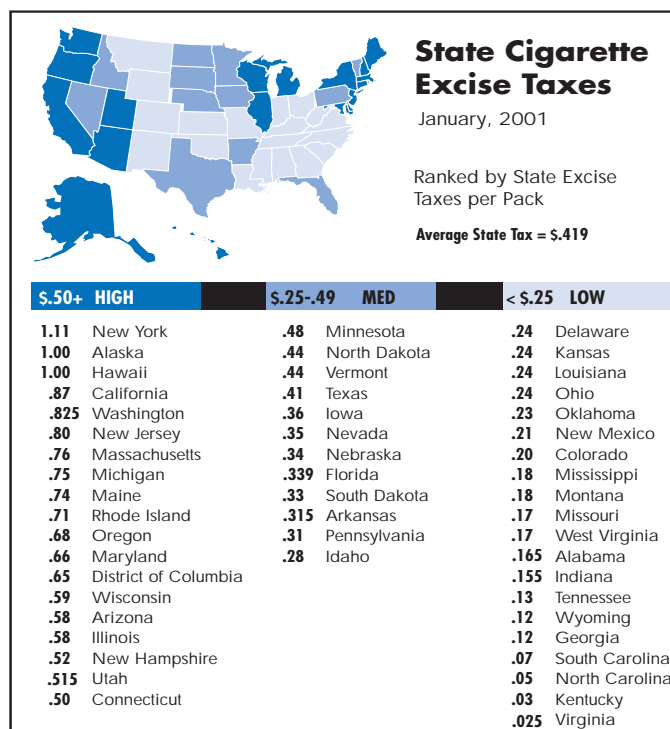
RESEARCH HIGHLIGHTS

- Increases in the real price of cigarettes (which can be achieved through excise taxation) will decrease the number of adolescents who start smoking.
- Higher cigarette prices are effective in preventing youth from becoming heavier smokers.
- Higher cigarette prices would result in substantial reductions in the number of high school students who smoke, as well as the average cigarette consumption among this population.
- Higher cigarette prices are associated with substantially reducing adolescents' probability of becoming daily, addicted smokers, helping prevent moving from lower to higher stages of smoking.
- Higher cigarette prices are associated with lower smoking participation and lower levels of use among college student smokers.

DISCUSSION

General conclusions on the effects of cigarette prices on smoking can be drawn from the studies presented in this policy brief, as well as other related studies. First, the price of tobacco has an important influence on the demand for tobacco products, particularly among adolescents and young adults; and, second, substantial increases in the excise taxes on cigarettes would have considerable impact on the prevalence of smoking and, in the long-term, reduce the adverse health effects caused by tobacco. Of the major approaches that have been used to reduce tobacco use (education, clinical, regulatory, economic, and comprehensive), increasing the price of tobacco products serves as one of the strongest in helping adolescents and young adults resist or abandon the use of tobacco. The growing volume of research, combined

with strong public support, provide a compelling reason for legislatures across the country to consider tax increases. Simply put, if you want to keep kids from smoking then raise excise taxes – it's a valuable tool that works.



Source: Federation of Tax Administrators (January 2001)

PUBLIC OPINION

Public opinion can be critical to the success, or failure, of legislative initiatives, particularly those which propose tax increases – including those imposed on tobacco products. Legislatures across the country have raised excise taxes on tobacco products with strong constituency support. Further demonstration of the growing public support for these measures is seen by a number of voter-initiated tobacco tax increases. For instance, **Arizona** voters approved a 40-cent increase in the state cigarette tax. In **Michigan**, voters approved, 69% to 31%, a school finance reform package that included a cigarette tax increase of 50 cents per pack, and a tax on non-cigarette tobacco products of 16% of wholesale price. **Oregon** voters increased the tax on each pack of cigarettes from 38¢ to 68¢ and the tax on non-cigarette tobacco products from 35% to 65% of wholesale price. Voters in **Massachusetts** raised the state cigarette tax from 26¢ to 51¢ per pack and increased the state tax on chewing tobacco by 25%. **California** voters raised state cigarette tax twice; the first time, by 25¢ per pack; and 50¢, the second.

About the Research . . . and the Researchers

Research presented in this policy brief is part of the UIC Health Research and Policy Centers' **ImpacTeen Project**, a five-year project designed to improve the understanding of how policies and other environmental factors influence youth substance abuse. ImpacTeen has led the way in conducting research on the effects of price on the demand for tobacco, alcohol and illicit drugs. An essential goal of the project is to provide researched-based evidence that will assist elected officials and other policymakers in efforts to develop effective laws, policies and programs to reduce tobacco use among youth. Directed by UIC economics professor Frank J. Chaloupka, PhD, the ImpacTeen Project is funded by The Robert Wood Johnson Foundation, the nation's largest health philanthropy. The five studies listed below are the focus of the first in a series of policy briefs (complete text can be found under "Papers & Presentations" at www.uic.edu/orgs/impacteen). Of particular importance, the UIC research provides the strongest evidence yet that raising excise taxes on cigarettes will decrease the number of adolescent who start smoking.

- *Effects of Price and Access Laws on Teenage Smoking Initiation: A National Longitudinal Analysis*; John A. Tauras, PhD, Lloyd Johnston, PhD, and Patrick O'Malley, PhD.
- *Differential Effects of Cigarette Price on Youth Smoking Intensity*; Lan Liang, PhD, Frank J. Chaloupka, PhD, and Michael Grossman, PhD.
- *The Effect of Cigarette Prices on Youth Smoking*; Hana Ross, PhD, and Frank J. Chaloupka, PhD.
- *Youth Smoking uptake Progress: Price and Public Policy Effects*; Hana Ross, PhD, Frank J. Chaloupka, PhD, and Melanie Wakefield, PhD.
- *The Impact of Prices and control policies on Cigarette Smoking Among College Students*; Christina Czart, PhD, Rosalie Liccardo Pacula, PhD, Frank J. Chaloupka, PhD, and Henry Wechsler, PhD.

POLICY BRIEFS

UIC Health Research and Policy Centers Volume I: Cigarette Taxes and Kids

The University of Illinois at Chicago Health Research and Policy Centers

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For more information, or to request expert testimony, call (312)413-0475,
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