

The HEALTH & HUMAN SERVICES and INTERGOVERNMENTAL RELATIONS Committee submitted the following report:

H&HS & IGR - Your Committee, having under consideration a Resolution declaring that the City of Minneapolis support an increase in the tax on cigarettes by \$1.00 per package, now recommends:

H&HS - passage of the above-entitled Resolution.

IGR - that the above-entitled Resolution be sent forward without recommendation.

Johnson Lee moved to amend the report to approve the Health & Human Services Committee recommendation and to delete the Intergovernmental Relations Committee recommendation. Seconded. Adopted by unanimous consent.

The report, as amended, lost.

Yeas, 6; Nays, 7 as follows:

Yeas - Zimmermann, Zerby, Lilligren, Johnson Lee, Benson, Biernat.

Nays - Schiff, Niziolek, Goodman, Lane, Johnson, Colvin Roy, Ostrow.

Lost. February 15, 2002.

Approved February 21, 2002. R.T. Rybak, Mayor.

Attest: M. Keefe, City Clerk.

Zerby moved to amend the Resolution to reduce the Minnesota excise tax on cigarettes from \$1.00 to 29 cents, and striking the reference to the amount of revenue that would be raised. Seconded.

Johnson moved to refer the subject matter of the above-entitled Resolution back to the Health & Human Services and Intergovernmental Relations Committees. Seconded.

Adopted upon a voice vote.

REFERRED TO (NAME OF) COMMITTEE
DATE

2

# RESOLUTION of the CITY OF MINNEAPOLIS

Zerby, Johnson Lee, Lilligren

By \_\_\_\_\_

**Declaring that the City of Minneapolis support an increase in the tax on cigarettes by \$1.00 per package.**

Whereas, tobacco use is by far the leading cause of preventable illness and death in the United States, associated with about 20% of all U.S. deaths and exceeding the total number of deaths from alcohol, drugs, firearms, motor vehicle crashes, and HIV/AIDS combined (McGinnis & Foege, 1993). Approximately 6,400 Minnesota deaths were related to cigarette smoking in 1995; this toll would be even greater if deaths related to environmental tobacco smoke (ETS or secondhand smoke) and smokeless tobacco products were included (MDH, 1996); and

Whereas, substantial evidence shows that increasing the price of tobacco serves as an effective means of reducing tobacco use, especially in adolescents, as well as providing additional funding for prevention programs (CDC, 2000). Nonetheless, current average cigarette excise taxes in the U.S. lag far behind the levels implemented in other industrialized nations, and federal and average state excise taxes on cigarettes have failed to keep pace with the retail price of tobacco. Federal and state excise taxes as a percentage of the retail price of cigarettes in Minnesota began a downward trend in the 1970s and stood at only 23.7% in 1999, compared to 57.5% in 1971 (Orzechowski & Walker, 1999); and

Whereas, Minnesota now ranks 20<sup>th</sup> in the nation for its cigarette excise tax rate (48 cents per pack). The Governor has proposed raising the tax 29 cents per pack, increasing it to Wisconsin's rate of 77 cents per pack. The Minnesota Smoke Free Coalition (SFC) is proposing a \$1.00 per pack increase; and

Whereas, in an opinion survey conducted by the SFC 62% of Minneapolis voters approved increasing the state tax on cigarettes by \$1.00 per pack; and

Whereas, 19% of Minneapolis 9<sup>th</sup> graders smoke (2001 Minnesota Student Survey data). Statewide, 39% of high school students and 13% of middle school students use tobacco (MN Dept. of Health, MN Youth Tobacco Survey, 2000). 90% of smokers begin as teens (USHHS, Preventing Tobacco Use Among Young People: A report of the Surgeon General, 1994). Nationally, an estimated 17-20% of pregnant women smoke (1999 National Household Survey on Drug Abuse; 1998, Substance Abuse and Mental Health Services); and

Whereas, a 10% increase in the price of a pack of cigarettes can be expected to reduce overall teen smoking by 13% (ImpacTEEN, University of Illinois at Chicago, 2001). Tax increases work to significantly reduce smoking among pregnant women. A recent study found that "pregnant women are more likely than the general populations to quite smoking as cigarette taxes increase." And that "for every 10% increase in the price of cigarettes, smoking by pregnant women fell by 7% (The Nation's Health, Dec. 2001/Jan. 2002);" and

Whereas, the Department of Health and Family Support (DHFS) works to reduce teen smoking rates on several fronts due to the immense impact smoking has on overall morbidity and mortality of Minneapolis citizens, and the fact that most people who smoke start when they are teens for some departmental activities include:

- A Minneapolis Tobacco Prevention Specialists who works in the community and in conjunction with a school-based liaison and youth coordinators to reduce teen smoking, including education about second-hand smoke and support for youth advocacy work. This work is done in collaboration with three other quadrants of Hennepin County.
- State grant funding to DHFS is passed through to Licensing to support that department in coordinating their youth tobacco retailer compliance check program.
- Teen tobacco cessation classes are offered through several school-based clinic sites.
- State Youth Risk Behavior grant funding that comes to the department was given to the Minneapolis Public Schools to implement a Life Skills curriculum that supports healthy decision making among youth, especially related to alcohol, tobacco, and other drugs.

Increasing the tobacco tax would supplement and support these efforts, and add to a comprehensive strategy to health improvement through smoking reduction in the city and the state;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the City Council supports increasing the Minnesota excise tax on cigarettes by \$1.00 per pack in order to reduce overall teen smoking in the state, and to provide between \$300 and \$350 million in new excise and sales tax revenues to Minnesota each year.

Certified as an official action of the City Council:

RECORD OF COUNCIL VOTE (X INDICATES VOTE)													
COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN	COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN
President							Goodman						
Ostrow							Lilligren						
Zerby							Schiff						
Biemat							Niziolek						
Johnson							Benson						
Johnson Lee							Colvin Roy						
Zimmermann							Lane						

PASSED \_\_\_\_\_ DATE \_\_\_\_\_

APPROVED  NOT APPROVED  VETOED

ATTEST \_\_\_\_\_ CITY CLERK

\_\_\_\_\_  
MAYOR DATE \_\_\_\_\_

# Increasing Minnesota's Tobacco Tax Will Help to Reduce Smoking

## Administration proposes 29-cent increase

To address the projected \$2 billion state budget deficit, the Ventura Administration has proposed increasing the cigarette tax 29 cents. The state's last tax increase on cigarettes was ten years ago, when it was raised to 48 cents. The new proposed increase would benefit the state in three ways. First, it would significantly decrease both the smoking rate and the average consumption of cigarettes by smokers, thus improving the health of those Minnesotans. Second, as smoking rates fall, the state saves money from reduced health care expenses and improved productivity. Third, an increase in the tobacco tax would generate new revenue that the legislature could then appropriate as necessary to address budget difficulties.

## The cost of smoking to Minnesota

An estimated 5,600 deaths and \$2.64 billion in health-related economic losses result from smoking each year in Minnesota. With the proposed tax increase, the average cost of a pack of cigarettes will be \$3.88, compared to the nearly \$7.00 per pack paid by the state for medical expenses and lost productivity.

## Immediate Revenue

In addition to the long-term human and economic savings from reduced tobacco use, the state will see immediate financial gains from the increased tobacco tax. Each penny increase in tax will generate \$3 - \$3.5 million in new revenue. For the Administration's twenty-nine cent proposal, that comes to \$87 - \$101.5 million dollars annually.

## Tobacco tax's impact on smoking.

The majority of current smokers want to quit. A dramatic increase in the price of cigarettes is a motivator for many to seek the resources necessary to quit. Youth are especially sensitive to price increases. Higher prices motivate new smokers to stop and discourage potential smokers from starting

Price per pack (FY 03 est. average price)	\$3.57
New price per pack (\$0.29 tax plus 8% manufacturer mark-up)	\$3.88
Percent increase in price	+ 8.7%
Change in percent of youth who smoke (each 10% price increase = 6.5% reduction in youth prevalence)	- 5.7%
Change in percent of adults who smoke (each 10% price increase = 2% reduction in adult prevalence)	- 1.7%
Change in number of cigarettes smoked by kids (each 10% price increase = 13% reduction in youth consumption)	-11.3%
Change in number of cigarettes smoked by adults (each 10% price increase = 4% reduction in adult consumption)	- 3.5%

MN Dept. of Revenue, 2002

## Other States' Tax Proposals

At 48 cents per pack, Minnesota currently ranks 20<sup>th</sup> in the nation for its cigarette tax. Twenty-nine states have increased their cigarette tax since Minnesota's last tax increase in 1992. The governors of Illinois, New York, and Oregon have also proposed cigarette tax increases. It is anticipated that at least 16 state legislatures will be considering tax increases this year. Proposals in the neighboring states of Wisconsin and North Dakota will call for tax increases to bring the total tax per pack to \$1.62 and \$1.44, respectively.



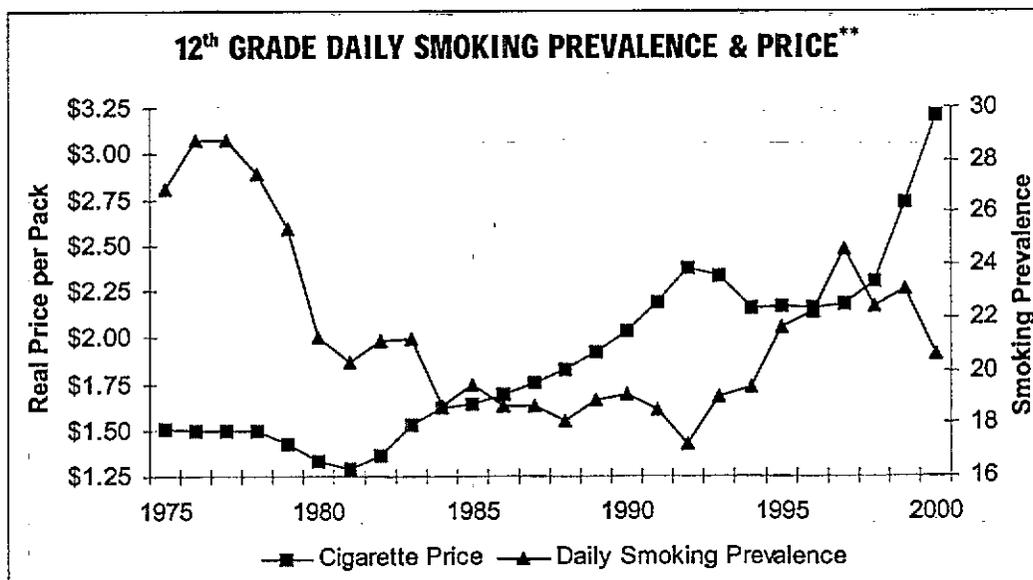
Commissioner's Office  
85 E. Seventh Place, Suite 400  
St. Paul, MN 55101  
(651) 215-1300  
www.health.state.mn.us

### KIDS AND TOBACCO

2001 Minnesota Student Survey *	6 <sup>th</sup> Grade Students		9 <sup>th</sup> Grade Students		12 <sup>th</sup> Grade Students	
	%	N=50,148	%	N=50,168	%	N=33,313
Use of any tobacco products during the past year	6%	3,009	30%	15,050	52%	17,323
DAILY use of any tobacco products during the past year	1%	501	10%	5,017	25%	8,328
DAILY use of cigarettes during the past year	1%	501	9%	4,515	23%	7,662
For students not smoking a cigarette in the past year, those who will probably and definitely try smoking next year	6%	3,009	14%	7,024	17%	5,663

\* 2001 Minnesota Student Survey, MN Department of Children, Families & Learning, December 2001

- Ⓒ One third of all students who try cigarettes become regular, daily smokers before leaving high school.<sup>1</sup>
- Ⓒ Youth tobacco use continues to be a major public health problem in Minnesota and across the country. 90% of smokers began as teens (50% by age 14 and 25% by age 12).<sup>2</sup>
- Ⓒ Smoking among high school seniors reached a 19-year high of 36.5% in 1997, dropping to 31.4% in 2000. Past month smoking among 8<sup>th</sup> and 10<sup>th</sup> grader students is more than 20% higher now than in 1991.<sup>3</sup>
- Ⓒ 86% of teen smokers prefer Marlboro, Camel and Newport – the 3 most heavily advertised brands. Marlboro, the most heavily advertised brand, constitutes 55% of the youth market but only 35% of smokers over age 25.<sup>4</sup>
- Ⓒ Teens are more sensitive to changes in cigarette prices because they have less disposable income than adults and are less addicted to nicotine.<sup>5</sup>

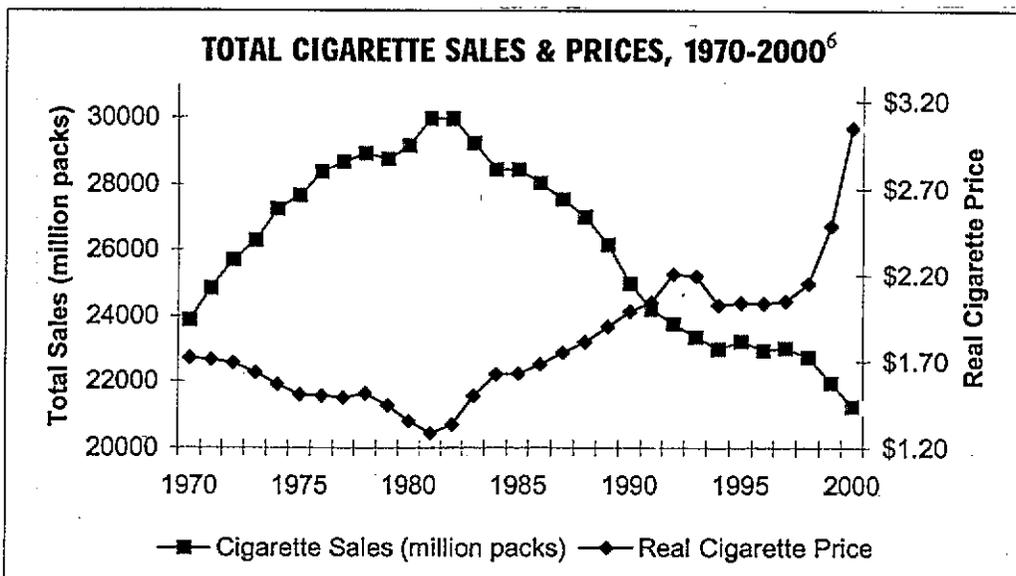


\*\* National Household Survey On Drug Abuse, Dr. Frank Chaloupka & Campaign For Tobacco-Free Kids

<sup>1</sup> CDC, Selected Cigarette Smoking Initiation And Quitting Behaviors Among High School Students – United States, 1997  
<sup>2</sup> USHHS, Preventing Tobacco Use Among Young People: A Report Of The Surgeon General, 1994  
<sup>3</sup> University Of Michigan, Monitoring The Future, 2000  
<sup>4</sup> USHHS, 1999 National Household Survey On Drug Abuse, 2000  
<sup>5</sup> 11<sup>th</sup> World Conference On Tobacco OR Health, August 2000

**WHY A \$1 CIGARETTE TAX INCREASE?**

- ⓐ Significantly increasing the price of cigarettes is one of the most effective ways to reduce teen smoking and sharply reduce the public health toll caused by tobacco use.<sup>1</sup> The US Surgeon General regards raising tobacco taxes as one of the most effective tobacco prevention and control strategies;<sup>2</sup> the World Bank Report concludes high prices prevent teens from starting and encourages teens who already smoke to reduce their consumption;<sup>3</sup> and the Institute of Medicine reports the single most direct and reliable method for reducing consumption is to increase the price of tobacco products.<sup>4</sup>
- ⓑ Each 10% price increase will reduce overall teen smoking by 13% (number of cigarettes smoked). A \$1 cigarette tax increase in Minnesota will reduce the number of cigarettes consumed by teens by 36.9%. And each 10% price increase will reduce the prevalence of teen smoking by 6.5% (number of teens who smoke). A \$1 cigarette tax increase in Minnesota will reduce the number of teen smokers by 18.5%.<sup>5</sup>
- ⓒ Teens are highly price sensitive, and increasing the Minnesota excise tax on cigarettes by \$1 per pack will prevent 46,500 Minnesota kids from becoming smokers and save 14,800 Minnesota kids from smoking-related deaths.<sup>6</sup>
- ⓓ A \$1 cigarette excise tax increase will provide \$300 to \$350 million in new state excise and sales tax revenue to Minnesota each year.<sup>7</sup>
- ⓔ The current Minnesota excise tax on cigarettes of 48 cents raised about \$190 million in FY2000, falling far short of the \$1.3 billion<sup>8</sup> Minnesotans spent in 1995 for increased health care and insurance costs and lost wages due to tobacco-related costs.
- ⓕ A nationwide survey revealed a 33% decline in the number of new youth smokers in 1998 and 1999, the same 2-year period that tobacco companies increased the price of cigarettes by 50% in response to state AG settlements.<sup>9</sup>



<sup>1</sup> ImpactTEEN, University Of Illinois @ Chicago, 2001  
<sup>2</sup> US Surgeon General's Report, *Reducing Tobacco Use*, 2000  
<sup>3</sup> World Bank Report, *Curbing The Tobacco Epidemic: Governments And The Economics Of Tobacco Control*, 1999  
<sup>4</sup> National Academy Of Sciences' Institute Of Medicine, *Taking Action To Reduce Tobacco Use*, 1998  
<sup>5</sup> ImpactTEEN, University Of Illinois @ Chicago, 2001  
<sup>6</sup> Campaign For Tobacco-Free Kids, December 2001  
<sup>7</sup> Minnesota Department Of Revenue, 2001  
<sup>8</sup> Minnesota Department Of Health (updated cost figure due January 2002)  
<sup>9</sup> USHHS, *2000 National Household Survey On Drug Abuse*, 2001

## THE \$1 EFFECT

- ⓐ A \$1 cigarette excise tax increase in Minnesota will reduce the number of cigarettes consumed by teens by 36.9%.<sup>1,2</sup>
- ⓑ A \$1 cigarette excise tax increase in Minnesota will reduce the number of teen smokers by 18.5%.<sup>1,2</sup>
- ⓒ A \$1 cigarette excise tax increase in Minnesota will raise \$300-\$350 million in new state revenue.<sup>1,3</sup>

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<sup>1</sup>Campaign For Tobacco-Free Kids calculation. December 2001. Tobacco Institute Report: *Tax Burden on Tobacco*, November 2000.

- ✓ A \$1 cigarette excise tax increase in Minnesota will increase the average price of a pack of cigarettes by 28.4%.

### PRICE PER PACK:

\$3.518 MN cigarette pack average price (inc. state/federal excise taxes and industry price increases; does not include state sales tax)  
+ .229 MN sales tax on price of pack (6.5%)  
\$3.747 MN cigarette pack average price (inc. state/federal excise taxes, industry price increases & sales tax)  
+1.000 \$1 cigarette excise tax increase  
+ .065 MN sales tax on \$1 price increase (6.5%)  
\$4.812 MN cigarette pack average price (inc. excise/sales taxes & price increases)

<sup>2</sup>Chaloupka, Frank PhD, Associate Professor, Dept of Economics, University of Illinois at Chicago; Research Associate, Health Economics Program, National Bureau of Economic Research. *The Impact of Cigarette Price Increases*, May 1998.

- ✓ Each 10% price increase will reduce overall teen smoking by 13% (number of cigarettes smoked). A \$1 cigarette excise tax increase in Minnesota will reduce the number of cigarettes consumed by teens by 36.9%.
- ✓ Each 10% price increase will reduce the prevalence of teen smoking by 6.5% (number of teens who smoke). A \$1 cigarette excise tax increase in Minnesota will reduce the number of teen smokers by 18.5%.

<sup>3</sup>Minnesota Department of Revenue calculation. November 2001.

- ✓ Each 1-cent increase in cigarette excise tax in Minnesota will raise \$3-\$3.5 million in new state revenue.

## WHAT'S HAPPENING IN OTHER STATES?

Minnesota's cigarette tax was last increased in 1992 to 48 cents per pack, the third highest in the nation at that time. Today, Minnesota ranks 20<sup>th</sup> in cigarette excise tax rates.

- ⓐ In *California*, a January 1989 tobacco tax increase of 25 cents per pack rapidly reduced overall cigarette use in one year by 12%.<sup>1</sup> Overall tobacco use in California declined throughout the 1990s at a rate 2 or 3 times faster than the rest of the nation. Between 1995 and 1999, the prevalence of cigarette use among youth dropped by 43% in California.<sup>2</sup>
- ⓐ In *Maine*, cigarette smoking among high school students decreased 27% from 1997 to 1999 following the state's intensive anti-smoking campaign and an increase in cigarette taxes.<sup>1</sup>
- ⓐ In *Maryland*, a 30 cents per pack tobacco tax increase in 1999 resulted in a 30% decline in smoking among 10<sup>th</sup> graders.
- ⓐ In *Massachusetts*, a statewide referendum in November 1992 was created that funded a tax on cigarettes and smokeless tobacco products. As a result, youth smoking rates dropped 70% among 6<sup>th</sup> graders from 1996 to 1999, and cigarette consumption fell by 33%.<sup>1</sup>
- ⓐ In *Michigan*, cigarette tax tripled to 75 cents per pack in 1994 and cigarette sales declined 30%.<sup>1</sup>
- ⓐ In *Oregon*, voters approved a 30 cents increase in cigarette excise taxes in 1996, reducing cigarette consumption by 11.3% the next two years and reversing a 4-year trend of increasing consumption prior to the ballot initiative.<sup>2</sup>
- ⓐ In *New York*, a 55 cents increase in March 2000 resulted in a smoking prevalence drop for NY 8<sup>th</sup> graders of 17.8% and NY 10<sup>th</sup> graders of 18.9% after April 2000, and cigarette sales dropped 20%.<sup>3</sup>
- ⓐ In *Washington*, state voters passed a 60 cents tax referendum that brings the price of a pack of cigarettes in the state of Washington to \$1.425 – the highest in the nation.

### STATE CIGARETTE EXCISE TAX RATES<sup>4</sup>

[Cents per pack as of November 2001]

WA	142.5*	OR	68	TX	41	LA	24	TN	13
NY	111	MD	66	IA	36	OH	24	GA	12
AK	100	DC	65	NV	35	OK	23	WY	12
HI	100	AZ	58	NE	34	NM	21	SC	7
ME	100	IL	58	FL	33.9	CO	20	NC	5
RI	100	NH	52	SD	33	MS	18	KY	3
CA	87	UT	51.5	AR	31.5	MT	18	VA	2.5
NJ	80	CT	50	PA	31	MO	17		
WI	77	<b>MN</b>	<b>48</b>	ID	28	WV	17		
MA	76	ND	44	DE	24	AL	16.5		
MI	75	VT	44	KS	24	IN	15.5		

\*Effective January 2002

Tobacco States are KY, VA, NC, SC, GA, TN. Major Tobacco States Average = 7.1 cents per pack. Other States Average = 49.6 cents per pack. Overall All States Average = 44.6 cents per pack. Federal excise tax is 34 cents per pack, scheduled to increase to 39 cents on 1/1/2002. Since 1998, tobacco companies have increased their prices by more than \$1.00 per pack. Average price for a pack of cigarettes nationwide is \$3.44 (plus sales taxes), with considerable state-to-state variations due to state and local cigarette excise tax levels.

<sup>1</sup> Minnesota Department Of Health, January 2001

<sup>2</sup> Centers For Disease Control And Prevention, 2001

<sup>3</sup> ImpactTEEN, University Of Illinois @ Chicago, 2000

<sup>4</sup> Campaign For Tobacco Free Kids, 2001

## DISPARITIES AMONG TEENS

- ⓐ Youth, minorities and low income smokers are 2 to 3 times more likely to quit or smoke less than other smokers, in response to price increases.<sup>1</sup>
- ⓑ Among middle school students, African American (17.5%), Hispanic (16%) and White (14.3%) students were significantly more likely than Asian (7.5%) students to use a tobacco product.<sup>2</sup>
- ⓒ Among high school students, Whites (38%) were significantly more likely than Hispanic (28.4%), African American (26.5%) or Asian (22.9%) students to currently use tobacco.<sup>2</sup>

### AFRICAN AMERICAN ~ BLACK

- ⓐ Black students are more likely to smoke Newport<sup>®</sup> cigarettes than any other brand.<sup>2</sup>
- ⓑ Smoking by African American high school boys increased from 14.1% in 1991 to 21.8% in 1999.<sup>3</sup> Percentages for black youth are now catching up with their Hispanic and White counterparts.
- ⓒ Despite disturbing increases in smoking among African American girls, they continue to smoke less than girls of other ethnic groups. In 1999, 17.7% were current smokers, compared to 39.1% of their White female peers and 31.5% of their Hispanic female peers.<sup>3</sup>
- ⓓ Black-owned and black-oriented magazines receive proportionately more revenues from cigarette advertising than do other consumer magazines. In addition, stronger mentholated brands are more commonly advertised in these magazines; and billboards advertising tobacco products are placed in African American communities 4-5 times more often than in White communities.<sup>4</sup>

### AMERICAN INDIAN ~ NATIVE AMERICAN

- ⓐ According to pooled data from the 1985-1989 *Monitoring The Future* studies, past-month smoking prevalence for Native American male high school seniors was 41% and for females, 39%.

### ASIAN AMERICAN ~ PACIFIC ISLANDERS

- ⓐ Current smoking rates for Asian American high school seniors are 17% for boys and 14% for girls.<sup>5</sup>

### HISPANIC ~ CHICANO LATINO

- ⓐ The tobacco industry specifically targets the Hispanic consumer because of the long-recognized “economic value of targeting advertising to low income Hispanics and nonHispanic blacks,” and because “Hispanics tend to be much more brand-loyal than their nonHispanic White counterparts.”<sup>6</sup>
- ⓑ Between 1991 and 1999 smoking among Hispanic high school students increased from 25.3% to 32.7%. Smoking among Hispanic girls increased from 22.9% to 31.5% and among Hispanic boys from 27% to 34% during this period.<sup>3</sup>

<sup>1</sup> USDHHS, The Surgeon General's Report On Reducing Tobacco Use, 2000

<sup>2</sup> Centers For Disease Control and Prevention, *Youth Tobacco Surveillance – United States, 2000*

<sup>3</sup> Centers For Disease Control And Prevention, *Youth Risk Behavior Surveillance – United States, 1999*

<sup>4</sup> American Heart Association, 2001

<sup>5</sup> USDHHS, *Preventing Tobacco Use Among Young People, 1994*

<sup>6</sup> National Coalition Of Hispanic Health And Human Services Organizations

## REGRESSIVITY

- ① The tobacco industry has targeted the poor and minorities for decades. As a result, these targeted groups smoke more, get sick more and die earlier than a more affluent public. Smoking rates are highest among low income groups, meaning that low income families and communities suffer most from smoking, and benefit most from increased cigarette taxes that reduce tobacco use.<sup>1</sup>
- ② A 1990 US Congressional Budget Office (CBO) study found that a low income family's budget for tobacco products was 1.6%, while the share was 0.7% for the highest income families, and concluded that cigarette taxes were only *slightly regressive* for lower income families since the percent of tobacco expenditures was small and the difference between the percent spent by the highest and lowest income families was also small.
- ③ The CBO also examined the effect of doubling the federal cigarette excise tax, and relative to expenditures rather than income, concluded that cigarette excise taxes were approximately proportional rather than regressive. They noted that the largest share of a tax increase in their study was paid by families in the third and fourth income quintiles, and the smallest share was paid by families in the lowest income quintiles, implying that the tax increase would be somewhat progressive. The possibility that *cigarette tax increases could be progressive*, with the burden of the tax increase falling more heavily on higher income groups, is supported by recent studies examining differences in price sensitivity by income. To the extent that racial and ethnic minorities fall disproportionately into lower income groups, recent studies imply that the regressivity of large cigarette tax increases is overstated.<sup>2</sup>
- ④ The real burden to the poor is health problems due to smoking, since they are least able to afford medical care. Fortunately, they also stand to benefit the most from a tax increase, since those with lower incomes, like teens, are much more likely to quit, cut back or avoid tobacco addiction than high income smokers in response to a price increase.<sup>3</sup>
- ⑤ The cost to individuals, especially the poor, is offset by lower consumption with higher income individuals bearing the greatest burden of a tobacco tax increase. Additional tax revenues often finance prevention and cessation programs that target low income populations and offer greater health benefits.<sup>4</sup>
- ⑥ Polls reveal that low income Americans strongly support higher cigarette taxes in order to prevent and reduce youth smoking.<sup>5</sup>

<sup>1</sup> Campaign For Tobacco Free Kids, 2001

<sup>2</sup> Chaloupka, Frank. University of Illinois @ Chicago, *The Impact of Cigarette Price Increases*, 1998

<sup>3</sup> CDC, "Responses To Increases In Cigarette Prices By Race/Ethnicity, Income And Age Groups – US, 1976-1993," 1998

<sup>4</sup> ImpactTEEN, University of Illinois @ Chicago, 2001

<sup>5</sup> Market Strategies/ Market Facts polls, Campaign For Tobacco-Free Kids, 1997-98

## MINNESOTA PREVENTION EFFORTS

- Ⓒ State tobacco prevention programs save lives and reduce tobacco use most effectively as a combination of strategies. Minnesota has several key tobacco prevention and cessation efforts but has yet to implement one of the most effective ways to reduce teen tobacco use: increase tobacco excise tax. All evidence points to the following key elements for reducing tobacco use and tobacco-related death and disease...<sup>1</sup>
- ✓ **Counter-advertising.** Minnesota's Target Market youth-led movement is fighting back against the tobacco industry's \$8 billion annual promotional campaign to market cigarettes and make them so appealing to our teens.
  - ✓ **Enforcing youth access laws.** Minnesota has one of the nation's toughest laws and many local ordinances to prevent the sale of tobacco to teens.
  - ✓ **Statewide help line.** The Minnesota Tobacco Helpline (1-877-270-STOP) is a toll-free telephone counseling service available to all Minnesotans who want to quit smoking.
  - ✓ **Reducing secondhand smoke exposure.** Eliminating secondhand smoke exposure in public places and on the job is also one of the most effective strategies to help smokers quit, reduce consumption and protect nonsmokers from cancer-causing chemicals. While there is still much work to be done, nearly 74% of Minnesota workplaces have smoking restrictions.<sup>2</sup> Olmsted County and the cities of Duluth, Cloquet and Moose Lake have smoke-free ordinances to reduce exposure to secondhand smoke.
  - ✓ **Community-based education.** Minnesota's Tobacco Prevention Endowment is fueling local community efforts to educate people where they live, play, work and worship about prevention and cessation.
- TO DO!** **Significantly increase cigarette excise tax.** Increasing the Minnesota excise tax on cigarettes by \$1.00 per pack will reduce the consumption of cigarettes by teens by more than one third and reduce the number of teens who smoke by one fifth.<sup>3</sup>

<sup>1</sup> National Cancer Policy Board, Institute of Medicine, National Research Council, *State Programs Can Reduce Tobacco Use*, 2000

<sup>2</sup> National Cancer Institute, *State Specific trends in smoke-free worksite policy coverage*, 2001

<sup>3</sup> Chaloupka, Frank. University of Illinois @ Chicago and Campaign For Tobacco-Free Kids, 2001

## THE TOBACCO INDUSTRY SPEAKS

- ① “Increases in excise and similar taxes have had an adverse impact on sales of cigarettes. Any future increases, the extent of which cannot be predicted, could result in volume declines for the cigarette industry.” Philip Morris, 2001
- ② “Substantial increases in state and federal excise taxes on cigarettes... have had and will likely continue to have an adverse effect on cigarette sales.” RJ Reynolds, 2001
- ③ “Indirect positive effects [from smoking] include savings in public health care costs and state pensions due to early mortality of smokers, and savings of public costs related to the support of the elderly.” Philip Morris, 2000
- ④ “Significant increases in federal and state excise taxes on cigarettes... have, and are likely to continue to have, an adverse effect on cigarette sales.” Loews/Lorillard Tobacco, 1999
- ⑤ “A higher cigarette price, more than any other cigarette attribute, has the most dramatic impact on the share of the quitting population... price, not tar level, is the main driving force for quitting.” Philip Morris, 1993
- ⑥ “Jeffrey Harris of MIT calculated... that the 1982-83 round of price increases caused 2 million adults to quit smoking and prevented 600,000 teenagers from starting to smoke... We don’t need to have that happen again.” Philip Morris, 1987
- ⑦ “The problem with tax increases is that it does decrease consumption, just as... the social engineers posing these increases want to see.” Philip Morris, 1987
- ⑧ “Of all the concerns, there is one – taxation – that alarms us the most. While marketing restrictions and public and passive smoking [restrictions] do depress volume, in our experience taxation depresses it much more severely. Our concern for taxation is, therefore, central to our thinking about smoking and health. It has historically been the area to which we have devoted most resources and for the foreseeable future, I think things will stay that way almost everywhere.” Philip Morris International Memo, 1985
- ⑨ “If prices were 10% higher, 12-17 incidence (the percentage of kids who smoke) would be 11.9% lower.” RJ Reynolds, 1982
- ⑩ “If future reductions in youth smoking are desired, an increase in the federal excise tax is a potent policy to accomplish this goal... Among teenagers, the prevalence of cigarette smoking is highly correlated with income... It is clear that the price has a pronounced effect on the smoking prevalence of teenagers, and that the goals of reducing teenage smoking and balancing the budget would both be served by increasing the federal excise tax on cigarettes.” Philip Morris, 1981

**WEBSITE LINKS FOR MORE INFO**

MINNESOTA SMOKE-FREE COALITION

[www.smokefreecoalition.org/issues/tobaccotax](http://www.smokefreecoalition.org/issues/tobaccotax)

MINNESOTA TARGET MARKET

[www.tnvoice.com](http://www.tnvoice.com)

CAMPAIGN FOR TOBACCO-FREE KIDS

[www.tobaccofreekids.org](http://www.tobaccofreekids.org)

ACTION ON SMOKING AND HEALTH

[www.ash.org](http://www.ash.org)

ADVOCACY INSTITUTE

[www.advocacy.org/tobacco.htm](http://www.advocacy.org/tobacco.htm)

AMERICAN CANCER SOCIETY

[www.cancer.org](http://www.cancer.org)

AMERICAN HEART ASSOCIATION

[www.americanheart.org](http://www.americanheart.org)

AMERICAN LUNG ASSOCIATION

[www.lungusa.org/tobacco](http://www.lungusa.org/tobacco)

AMERICAN MEDICAL ASSOCIATION

[www.ama-assn.org](http://www.ama-assn.org)

AMERICANS FOR NONSMOKERS' RIGHTS

[www.no-smoke.org](http://www.no-smoke.org)

FEDERAL TRADE COMMISSION

<http://www.ftc.gov/reports/tobacco/ndoc95.pdf>

IMPACTEEN

[www.impacteen.org](http://www.impacteen.org)

NATIONAL INSTITUTES OF HEALTH

[www.ncbi.nlm.nih.gov/pubmed](http://www.ncbi.nlm.nih.gov/pubmed)

SMOKELESS STATES

<http://www.ama-assn.org/ama/pub/category/3229.html>

US CENTERS FOR DISEASE CONTROL & PREVENTION

[www.cdc.gov/tobacco](http://www.cdc.gov/tobacco)

US DEPT OF AGRICULTURE, ECONOMIC RESEARCH SERVICE

[www.ers.usda.gov/briefing/tobacco](http://www.ers.usda.gov/briefing/tobacco)

US TREASURY DEPT

[www.treas.gov/press/releases/docs/tobacco.pdf](http://www.treas.gov/press/releases/docs/tobacco.pdf)

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[www.mit.edu/people/jeffrey](http://www.mit.edu/people/jeffrey)