

# Higher Prices for Better Health

## Raising Tobacco Excise Taxes

### OVERVIEW

Cigarette smoking remains a leading cause of preventable disease and death in the U.S., claiming approximately 480,000 lives prematurely every year.<sup>1</sup> Smoking not only takes the lives of those who use tobacco, but also those who are exposed to second-hand smoke.<sup>1</sup> Between 2005 and 2009, 87% of deaths related to lung cancer, 61% of deaths related to pulmonary disease, 32% of deaths due to cardiovascular disease were related to smoking and second-hand smoke exposure.<sup>1</sup> The bottom line is that no tobacco product is safe to use.

Smoking costs the U.S. economy billions of dollars each year, including workplace productivity losses and direct medical care for adults.<sup>1</sup> Importantly, smoking prevalence and healthcare costs are lowest in states with the most tobacco control policies.<sup>2</sup>

Tobacco control efforts have helped prevent an estimated 8 million premature deaths since the 1960s, while also reducing smoking rates by half since the early 2000s.<sup>3</sup>

Although opponents of state tobacco increase argue that people who live or work in neighboring states will travel to take advantage of lower rates, evidence found little shift in sales and tax revenue in neighboring states.

## **TOBACCO INDUSTRY RESPONSE**

Industry reports shows that tobacco companies understand the impact of tax increases on consumption. In response, they mount aggressive opposition campaigns when states or communities propose an increase to their tax. In addition, they have developed pricing strategies, promoted development of lower cost generic brands and price-related marketing efforts like multi-pack discounts and couponing. The latter is an attempt to offset the impact of the taxes and diminish the benefit to public health. Therefore, it is so important to achieve substantial increases of at least \$1.00. To achieve an end to tobacco and nicotine addiction we must continue to adapt to these industry tactics to maintain the health impact and value of tobacco tax strategies.

## **ASSOCIATION ADVOCATES**

The American Heart Association advocates for significant increases in tobacco excise taxes at the federal, state, county and municipal levels for all tobacco products. Some of these tax revenues should be allocated for tobacco control, prevention, and cessation programs, as well as other health-related initiatives like improving access to health care. In addition, the American Heart Association supports:

Working with the FDA and the Center for Tobacco Products to implement the Tobacco Control Act.

Taxing e-cigarettes at a percentage that achieves parity with cigarettes while trying to raise taxes on combustibles at the same time

Enacting comprehensive smoke free air laws across the U.S.

Ensuring coverage for tobacco cessation treatment and counseling under all health insurance plans

Evaluating public health consequences of the millions of dollars tobacco companies spend on conventional cigarette & e-cigarette campaigns.

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