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Effects of Cigarette Taxes on Smoking Behavior

LEGISLATIVE ANALYST'S OFFICE

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Hon. Ed Hernandez, Chair
Hon. Rob Bonta, Chair





Cigarette Tax Proposals

- Bills Would Increase Taxes on Cigarettes and Other Tobacco Products.*** Two bills introduced in the Second Extraordinary Session—ABX2 16 and SBX2 14—would increase taxes on cigarettes and other tobacco products. These bills would increase the state excise tax rate on cigarettes from \$0.87 per pack to \$2.87 per pack. In recent years, other bills and voter initiatives have proposed cigarette tax increases of the same magnitude.

- Health Effects Depend on Behavioral Responses.*** This presentation describes some of the ways in which smoking behavior responds to increases in cigarette taxes. In particular, it highlights some of the behavioral responses that contribute to the health effects of these policies.



Cigarette Taxes Reduce Smoking

- ☑ ***Research Finds That Cigarette Taxes Reduce Aggregate Smoking.*** A large body of evidence links state and federal cigarette tax increases to reductions in aggregate smoking. Based on this research, we estimate that a \$2 per pack increase in California's cigarette tax would likely lead to a 7 percent to 15 percent reduction in the number of cigarettes smoked by Californians.

- ☑ ***Two Main Effects on Smoking.*** The change in the total number of cigarettes smoked is the result of two distinct effects: (1) fewer people smoke, and (2) on average, smokers consume fewer cigarettes.



Smoking Reductions Vary by Demographic Group

- ☑ **Adult Smoking Declines.** We estimate that a \$2 per pack cigarette tax increase would reduce the share of California adults (age 18 to 74) who are daily smokers by about half of a percentage point. It would also reduce the average number of cigarettes consumed by each smoker.
- ☑ **Youth Smoking Declines.** A \$2 per pack cigarette tax increase would likely reduce the share of California high school students who smoke by one to two percentage points. (According to recent estimates, 11 percent of California high school students smoke cigarettes.)
- ☑ **Maternal Smoking Declines.** Cigarette tax increases reduce smoking during pregnancy, particularly among mothers who did not complete high school.
- ☑ **Most Studies Focus on Short-Term Effects.** The short-term effects of cigarette taxes on smoking are heavily studied and well understood. We note, however, that the longer-term effects on smoking rates could differ from those described here.



Other Effects of Cigarette Taxes

- Attempts to Quit Increase.*** Cigarette tax increases lead to higher use of smoking cessation services. For example, some evidence indicates that web searches and phone calls related to smoking cessation increase temporarily around the time of tax increases. Although many attempts to quit are unsuccessful, the higher attempt rate contributes to the smoking reductions described earlier.

- Passive Smoking Declines.*** Consistent with the smoking reductions described earlier, cigarette taxes reduce second-hand smoke exposure, also known as passive smoking. These reductions appear to be largest for children under 13.

- Smokers Consume Different Types of Cigarettes.*** Some evidence suggests that cigarette taxes change the types of cigarettes that smokers purchase. In particular, higher taxes shift purchases toward higher-priced brands and toward cigarettes with greater amounts of tar and nicotine.