

MINNPOST

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The facts are in: Minnesota's 2013 tobacco tax increase is improving health

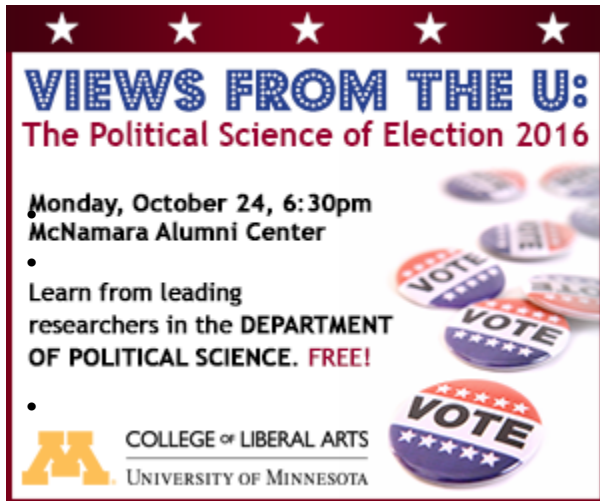
By Raymond Boyle, Frank J. Chaloupka and Lisa Mattson | 02/12/15



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The Minnesota Legislature and Gov. Mark Dayton made the right decision for both the health of Minnesotans and the state budget by increasing the price of tobacco.

It has been a year and a half since Minnesota implemented the 2013 tobacco tax increase of \$1.60 per pack of cigarettes. Strong research — including state studies in the areas of health, employment and revenue — shows that the Minnesota Legislature and Gov. Mark Dayton made the right decision for both the health of Minnesotans and the state budget by increasing the price of tobacco.



Over the past several decades, Minnesota has aggressively sought to separate the facts from fiction when it comes to tobacco. Today, here's what is known:

Tobacco is still a problem in Minnesota. Minnesota is realizing real health benefits from strong tobacco control efforts, including price increases.

The tobacco industry continues to try to disregard the public's will and promote its profits over Minnesotans' health.

Let's look at each point:

Tobacco is still a problem in Minnesota

Smoking continues to be a leading cause of preventable death and disease in Minnesota. Each year, more than 5,100 Minnesotans die from tobacco-related diseases. The tobacco industry knows that 90 percent of adult smokers start before age 18. That means young people remain a target market, just as they were decades ago when tobacco products enjoyed little to no marketing restrictions. Still, the tobacco industry has changed with the times, finding new ways to attract new users at a young age. Today, more than 55,000 Minnesota middle- and high-school students are using tobacco – that's enough smokers to fill up nearly every sixth grade classroom in Minnesota's public schools.

At the same time, the state has made great progress in reducing tobacco's harms through education, cessation and price increases.

The 2013 tobacco tax is improving health

Research shows that tobacco price increases are one of the most effective ways of reducing smoking prevalence, preventing youth from starting and saving lives. With new data, Minnesota can confidently conclude what was predicted up front: This price increase benefits the health of all Minnesotans. Successes include:

- **Fewer Minnesota youth are smoking.** Since 2011, smoking among Minnesota high-school students dropped from 18.1 percent to 10.6 percent. This is the sharpest decline ever recorded by the Minnesota Youth Tobacco Survey and means thousands fewer Minnesota youth will become addicted adults.
- **Fewer adult Minnesotans are smoking.** The [2014 Minnesota Adult Tobacco Survey](#) (MATS) shows that 14.4 percent of adult Minnesotans now smoke. This is the lowest rate

ever recorded in the state and a sharp decline from 16.1 percent in 2010, the last time the rate was measured.

- **More Minnesota smokers are quitting.** According to MATS, increasing the price of tobacco supports smokers in quitting. Among smokers who quit in the past year, majorities said that the price increase helped them to make quit attempts (62.8 percent) and to stay smoke-free (62.7 percent).
- **Tobacco sales have decreased.** Minnesota experienced a 24 percent reduction in cigarette sales, or 54.6 million packs, in the 12 months following implementation of the tobacco tax increase compared to the same 12 months of the previous year.
- **While tobacco sales are down, tax revenue is up.** Minnesota generated more than \$204 million in new tax revenue — a 56 percent increase over the previous year — while simultaneously 54.6 million fewer packs of cigarettes were sold.

The tobacco industry: What was true in the past is still true

The tobacco industry has a well-known track record of selling dangerous, addictive products and misleading the public about their health effects. Each year, the tobacco industry spends more than \$164 million in Minnesota alone marketing its deadly products. To be clear, the profitability of the tobacco industry depends on selling dangerous products to a new generation of smokers.

It makes sense that the tobacco industry would react adversely to price increases because fewer smokers amounts to a revenue loss. Fewer smokers also means fewer kids are exposed to tobacco, fewer premature deaths and a reduced financial burden on all Minnesotans — the \$1.60 per pack increase will save Minnesotans more than \$1.65 billion in long-term tobacco-related health care costs. These messages are consistently left out of the tobacco industry's agenda.

In 2014, tobacco companies and their allies released a report from Dunham and Associates titled, "The Economic Consequences of the Recent Cigarette Tax Increase in Minnesota." Tax policy often faces dissenting opinions. However, the Dunham and Associates report meets the tobacco industry's political goals, but not the test of good research. The report ignores real data, but that is not surprising. A systematic review of 34 peer-reviewed studies found that the tobacco industry purposefully uses misleading arguments and tactics to keep tobacco taxes low.

One conclusion from the Dunham and Associates report is that smokers must be crossing over state lines to buy cigarettes in other states, thereby causing a loss of jobs in Minnesota. However, actual data suggests that Minnesotans are smoking fewer cigarettes and strongly suggests that *other states are not benefiting at Minnesota's expense.*

When comparing the 12 months after implementation of the tax with the same 12 months of the previous year, researchers found:

- Cigarette revenue and sales in Iowa and Wisconsin actually decreased.
- North Dakota and South Dakota collectively only saw a 2.7 percent increase (\$12 million) in tobacco tax revenue. Looking at actual packs sold, Minnesota sold 54.6 million fewer packs — a 24 percent reduction — while new sales in these two states only amounted to a total of 4.4 million additional packs (a 5.1 percent increase).
- Unemployment continues to fall below the statewide average in most Minnesota border counties, suggesting that there has been little economic backlash. In fact, other evidence shows that convenience stores are more profitable in states with higher tobacco taxes, likely reflecting shifts in consumer spending from tobacco products to other products, as well as the store markups that raise prices by more than tax increases. Thus, tobacco revenues are maintained even as sales fall.

Get the facts

Minnesota continues to make successful advances in tobacco control to improve health. The tobacco industry continues to employ deceptive marketing tactics to protect its bottom line. Similar to when smoke-free laws were adopted, we will continue to see more data collected that supports price increases as a highly effective way to reduce tobacco's harms. This tax model works, and the proof need only to be found in the hard facts.

To view all supporting data on the 2013 tobacco tax increase, read the report, "[Get the Facts: Minnesota's 2013 Tobacco Tax Increase is Improving Health.](#)"

Raymond Boyle, Ph.D., M.P.H., is the director of research programs at [ClearWay Minnesota](#). Frank J. Chaloupka, Ph.D., is a professor of economics at the [University of Illinois Chicago](#). Lisa Mattson, M.D., is the immediate past president of the [Twin Cities Medical Society](#).

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Research; research; strong

SUBMITTED BY THOMAS SWIFT ON FEBRUARY 12, 2015 - 9:23AM.

Research; research; strong research.

Care to share some research with us?

Your "report" link is nothing more than another editorial that cites more editorials for support.

It seems a given that raising taxes lowers consumption, but I'm at a loss to explain why the authors haven't thought to share one peer reviewed study to prove it. Is the burgeoning black market effecting supply and demand?

The White Paper report is

SUBMITTED BY JONATHAN ECKLUND ON FEBRUARY 12, 2015 - 11:36AM.

The White Paper report is embedded in the link they provide. Here is the direct link to the PDF:
<http://tobacconomics.org/wp-content/uploads/2015/02/2013-Tobacco-Tax-Whi...>

It is a short report, though it contains 13 cites which you can look up on your own time. The authors have a medical degree, two doctorates, and a masters degree in public health between them.

Tobacco taxes

SUBMITTED BY HIRAM FOSTER ON FEBRUARY 12, 2015 - 1:56PM.

There are lots of forces in society that tend depress smoking. Increasing taxes might help, but the problem I have is that, in general, taxing cigarettes puts us in business with the cigarette companies, a basic conflict of interest.

We need to ask ourselves, would the state be more effective in reducing smoking if it didn't profit from it?

