



# The Cigarette Tax



# Oklahoma Turning Point Council (OTPC)

- OTPC is an independent statewide council focused on education and advocacy efforts aimed at improving Oklahoma's health status
- The Turning Point philosophy is anchored by two fundamental convictions:
  1. Communities have inherent strengths
  2. Everyone has a stake in public health



# Oklahoma Turning Point Council (OTPC)

- The OTPC provides guidance and receives feedback from community partnerships on local and state policy issues that may impact health improvement efforts.
- OTPC sponsors community informational meetings on primary policy objectives and sponsors an annual Policy Day to engage the community in the development of primary policy objectives and advocacy efforts.



## Educate the public and advocate for the increased cigarette tax

The OTPC acknowledges the traditional and sacred use of tobacco among American Indian people living in Oklahoma. Whenever the word cigarette is referenced in this presentation it refers to the use of commercial tobacco.



# Public Health Burden of Smoking

- 21.1% of Oklahomans smoke<sup>1</sup>
- Smoking is the number one cause of preventable death<sup>2</sup>
- Smoking kills more Oklahomans than alcohol, motor vehicle accidents, HIV/AIDS, suicides, murders and illegal drugs combined<sup>2</sup>



## Public Health Burden of Smoking

- In 2013, almost half of nonsmoking kids in middle school and high school were exposed to secondhand smoke<sup>5</sup>
- Secondhand smoke contains more than 7,000 chemicals, and has been linked to an increased risk of stroke, lung cancer and coronary heart disease even in non-smokers.<sup>6</sup>
- Increasing cigarette prices is vital in reducing second hand smoke exposure<sup>7</sup>



# The Real Cost of Smoking

- Oklahoma spends \$1.62 billion each year on health care costs directly caused by smoking<sup>8</sup>
- On average, each Oklahoma household pays \$923 on smoking related government expenditures<sup>8</sup>
- Increasing the cost of cigarettes not only reduces smoking rates but can also alleviate state budget shortfalls



# Smoking and Oklahoma Youth

- 18.5% of Oklahoma high school students smoke<sup>8</sup>
- Nearly 9 out of 10 cigarette smokers tried smoking by age 18<sup>9</sup>





# Smoking and Oklahoma Youth

- Researchers observed a “substantial and immediate impact on youth smoking rates” after the 61.66 cent increase on federal cigarette tax implemented on April 1, 2009 (Campaign for Tobacco Free Kids, 2012, p 3)



## The Projected Public Health Benefits of an increased cigarette price (per pack)

	\$1.50 Increase	\$2.00 Increase
Adults smokers motivated to quit in the first year	29,600	39,500
Youth prevented from becoming adult smokers	31,800	42,400
Prevented smoking-caused premature deaths	18,000	24,000
5-year reduction of smoking complicated pregnancies and births	6,100	8,1000
5-year state Medicaid program savings	\$3.4 million	\$4.6 million



# Evidence Based Strategy

- A longitudinal study conducted from 1970 to 2007 analyzed overall US cigarette consumption and determined a strong correlation between increased prices and decreased use<sup>10</sup>
- 10% increase in cigarette price reduces cigarette smoking within the general population by about 4% and reduces youth smoking rates by about 7%<sup>7</sup>



# Common Arguments & Responses

- ‘High cigarette taxes unfairly burden the poor’
  - Low income individuals are typically on some form of public assistance and those who smoke heavily contribute to the rising cost of health care. Each year Oklahoma State Medicaid Program spends \$262 million on health care costs caused by smoking.<sup>13</sup>



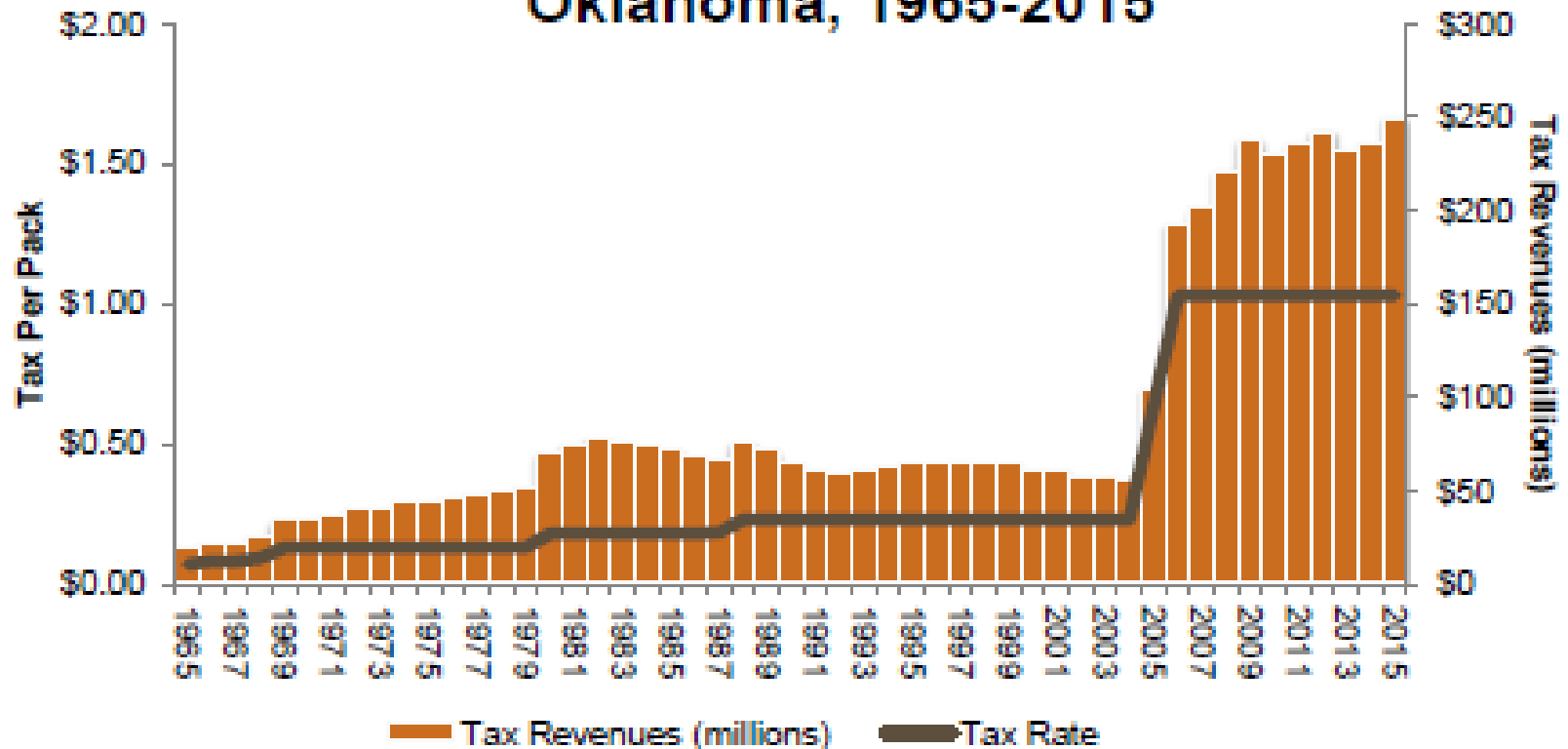
# Common Arguments & Responses

- ‘Cigarette tax revenues are unpredictable and therefore not a reliable source of state income’
  - State cigarette revenues are more predictable than most other state revenue income sources such as personal income or corporate taxes<sup>13</sup>



## Common Arguments & Responses

### Cigarette Tax and Tax Revenues Oklahoma, 1965-2015





# Common Arguments & Responses

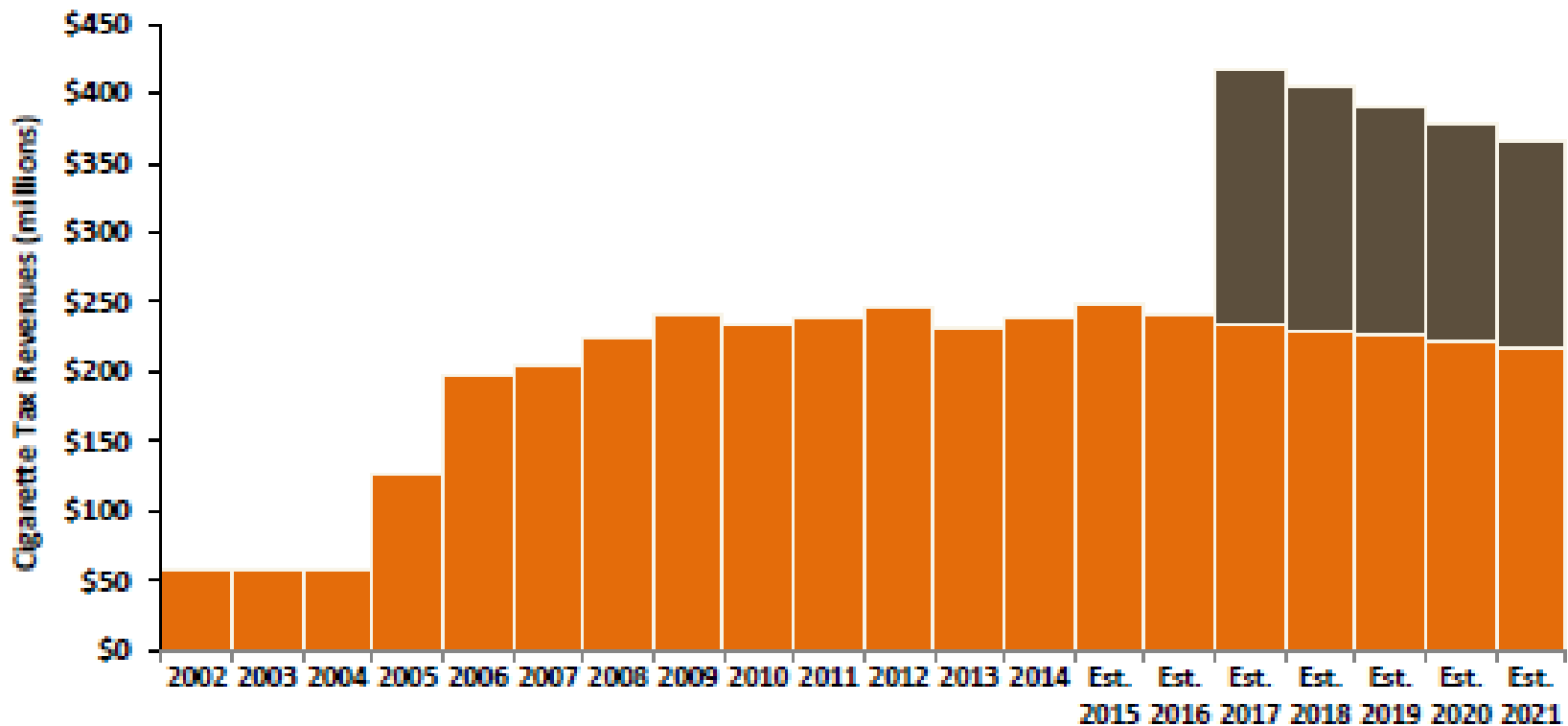
- ‘As cigarette prices increase, the decline in consumption will not yield revenue gains’
  - While the revenue declines over time as smoking declines, it is offset by reductions in public and private sector health care costs and other costs caused by smoking<sup>13</sup>



## Common Arguments & Responses

### Estimated Future Cigarette Tax Revenues, Oklahoma

Without Increase      With \$1.50 Increase



Note: Data are for fiscal years ending June 30.



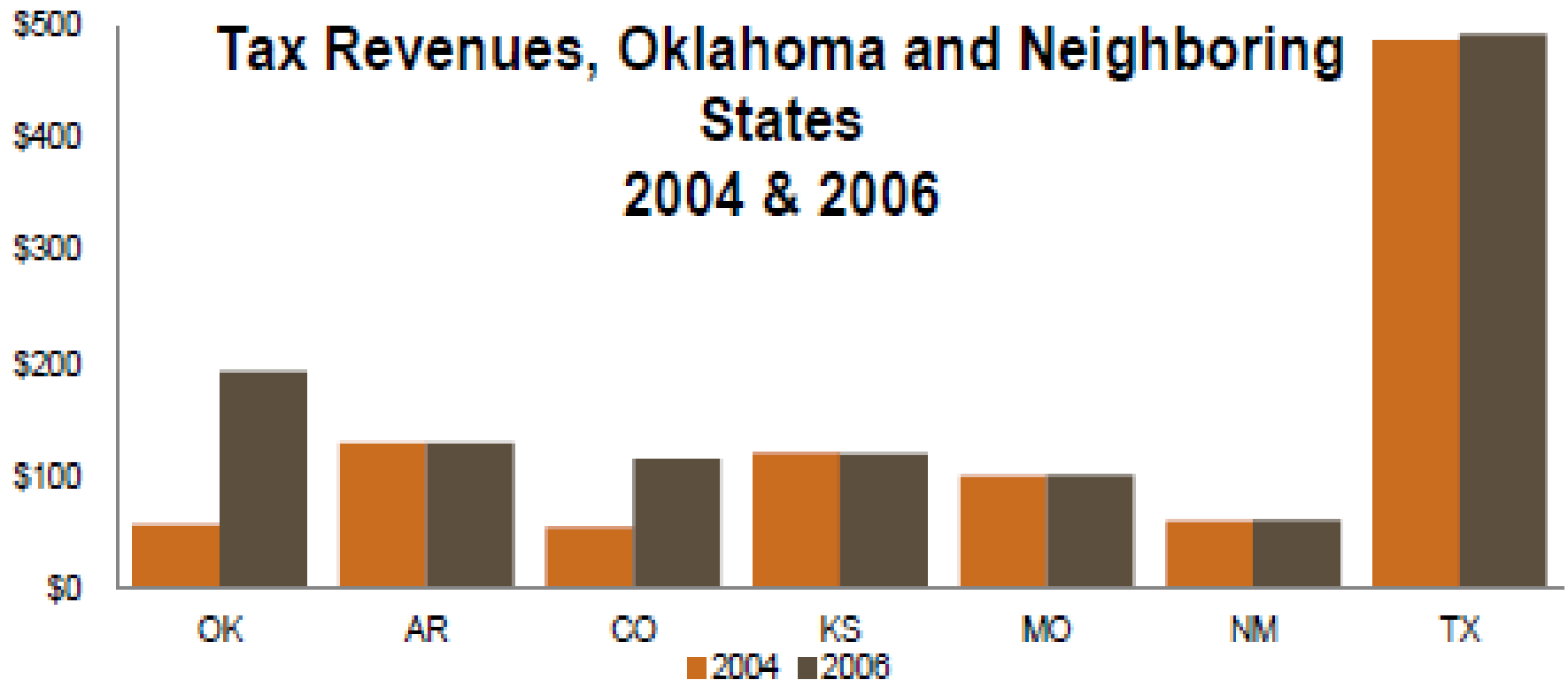


# Common Arguments & Responses

- ‘Higher cigarette prices will increase smuggling and black market sales of tobacco products in attempt to avoid tax’
  - Following the 2005 increase, with the exception of Colorado which also increased cigarette tax in 2005, none of the states surrounding Oklahoma (AR, KS, MO, NM, TX) experienced significant gains in revenue <sup>13</sup>



## Common Arguments & Responses





# Common Arguments & Responses

- ‘Higher cigarette prices will harm convenience stores’
  - \$1.00 tax increase is associated with an increase of 1 store per million population <sup>11</sup>



## Win-Win!

- State polls indicate overwhelming public support for cigarette price increases<sup>14</sup>
- By increasing the cost of cigarettes, Oklahoma will reduce smoking, cut health care cost significantly and achieve significant financial gains through increased revenue



For additional information please visit

[www.okturningpoint.org](http://www.okturningpoint.org) or

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[OK Turning Point Council](https://www.facebook.com/OKTurningPoint)



## Call to Action

- Sign your partnership, coalition or organization to the [Oklahoma Turning Point Council's Cigarette Tax Letter of Support](#)
- Educate and advocate for policies supporting tobacco prevention and public health
- [Contact your state elected officials](#) to voice your support for a cigarette tax increase
- [Join OTPC](#) and create partnerships in your community and state to support effective prevention policy
- [Register to vote!](#)



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