Tax & Price Policies

• Aim 1 – develop comprehensive policy database
  • initial pilot in 8 states to identify range of tax/price policies
    • policies collected for 50 states and DC
  • developed detailed coding schemes for:
    • Cigarette and OTP taxes: tax rates, special tax zones, enabling/pre-
      preemption policies, tax stamps, penalties
    • Minimum pricing/markup policies: type of policy, amount of markups, inclusion
      of trade discounts and other price promotions, where markups are applied
  • developing coding schemes for policies regarding reservation sales,
    direct sales policies, and MSA related policies
    • developing plan for collecting tribal policies

• Aim 2 – tobacco pricing & promotion
  • 2012 POS observations in 161 communities, 2,644 stores
  • Nielsen scanner data obtained, cleaned, being analyzed
    • new price elasticity estimates
  • BTG Research brief on differences in cigarette prices by neighborhood
    characteristics; presentations on BTG-COMP and Nielsen scanner data
Tax & Price Policies

• Aim 3 – impact on purchasing behavior (also tax avoidance – Aim 4)
  • Completed Adult Tobacco Survey in 161 communities where POS observations were conducted; 1,442 completed surveys
  
<table>
<thead>
<tr>
<th>Products</th>
<th>Current Users</th>
<th>Former Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigarettes</td>
<td>1013 (70.2%)</td>
<td>86 (6.0%)</td>
</tr>
<tr>
<td>E-cigarettes</td>
<td>98 (6.8%)</td>
<td>85 (5.9%)</td>
</tr>
<tr>
<td>Regular Cigars</td>
<td>131 (9.1%)</td>
<td>43 (3.0%)</td>
</tr>
<tr>
<td>Cigarillos</td>
<td>128 (8.9%)</td>
<td>64 (4.4%)</td>
</tr>
<tr>
<td>Little Filtered Cigars</td>
<td>69 (4.8%)</td>
<td>38 (2.6%)</td>
</tr>
<tr>
<td>Pipe</td>
<td>45 (3.1%)</td>
<td>11 (0.8%)</td>
</tr>
<tr>
<td>Hookah</td>
<td>37 (2.6%)</td>
<td>15 (1.0%)</td>
</tr>
<tr>
<td>Snus</td>
<td>19 (1.3%)</td>
<td>9 (0.6%)</td>
</tr>
<tr>
<td>Smokess Tobacco</td>
<td>96 (6.7%)</td>
<td>25 (1.7%)</td>
</tr>
<tr>
<td>Dissolvable Tobacco</td>
<td>4 (0.3%)</td>
<td>0 (0.0%)</td>
</tr>
</tbody>
</table>

• Data being cleaned and prepared for analysis
• Aim 4 – tax avoidance & evasion
  • BTG-COMP littered pack collection in 161 communities
    • 81.9% of packs with cellophane had tax stamp from state where pack found
    • 15% of sites with less than 50% compliance; 25 with 100% compliance
    • finalizing data for analysis
Tax & Price Policies

• Aim 5 – impact of tax/price on tobacco use
  • Impact of 2009 federal tax increases on youth tobacco use (MTF)
    • 9.7-13.3% drop in smoking prevalence; 16.0-24.0% drop in smokeless use
    • NBER working paper released; currently under review
  • New estimates of price elasticity for different products (Nielsen data)
    • strong own-price effects; most OTP estimates 1.5-2 times cigarette elasticity
    • negative impact SFA policies on smoked products; positive for moist snuff/snus
  • Compiling variety of other survey, aggregate data
• Aim 6 – impact on household spending
  • On hold for now; analyses to begin 2014
• Aim 7 – dissemination & communication
  • BTG research briefs – 1 completed; several others in progress
  • Papers – 2 completed; several in progress
    • press release on impact of 2009 tax increase widely picked up
  • “Tobacconomics.org” website in development, social media, testimony, presentations, webinars, work with partners, meetings/briefings, more
FDA – Littered Pack Inspection

- Uses littered packs collected as part of UIC/Chaloupka UO1 and project with NYC Department of Health and Mental Hygiene
  - 2012, national sample of 161 secondary public school catchment areas (BTG-COMP)
  - Late 2011, 5 East Coast cities (New York, Providence, Boston, Philadelphia and Washington DC) (NYC DOHMH)
    - 30 census tracts in each city sample
  - Focus of initial data collections on tax evasion and tax avoidance
  - Focus of FDA collaborative project on cigarette packaging and compliance with FDA policies
    - Use of flavors, descriptors, and warning labels
FDA – Littered Pack Inspection

• UO1/BTG-COMP Sample
  - 3,840 packs collected in 139 catchment areas located in 36 states
    - 55.5% with cellophane
    - Generally high compliance with ban on flavors

<table>
<thead>
<tr>
<th>Flavor</th>
<th># of Packs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Flavor</td>
<td>3,073</td>
<td>80.0%</td>
</tr>
<tr>
<td>Menthol</td>
<td>755</td>
<td>19.7%</td>
</tr>
<tr>
<td>Fruit (illegal)</td>
<td>6</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

• Still coding descriptors, warning labels
FDA – Littered Pack Inspection

• NYC DOHMH Sample
  • Completed coding for 633 cigarette packs from Providence and New York City
    • additional 12 packs in too poor condition to code
    • another 38 packs for little cigars
  • All pack in compliance with bans on flavors and descriptors
  • All packs included warning labels
    • 10 with non-US warning labels
  • Still coding packs from Boston, Philadelphia, and DC
ANRF – Local Tobacco Taxes

• ANRF Local Tobacco Ordinance data
  • Relatively comprehensive data on variety of local tobacco control policies collected from local departments of health and tobacco control advocacy groups; includes
    • smoke-free air policies
    • advertising restrictions
    • conditional use permits
  • Less complete data on local excise taxes
    • 59 localities included in ANRF database as of 12/31/12
    • CTFK reports 39 top local taxes (20 cents per pack and higher)
    • TBOT reports 594 city and county taxes in FY2012
      • only identifies states and number of cities/counties
  • Considerable variability in local taxes
    • From a few cents per pack in many AL, MO, and VA cities to $3.00 per pack in Cook County IL
ANRF – Local Tobacco Taxes

• Collaborative project aims:
  • Compile local tax and fee data from communities nationwide for inclusion in ANRF local ordinance databases
  • Examine variation in local taxes and fees and construct measures that include both state and local taxes on cigarettes and other tobacco products
  • Use state and local tax measures in analyses linked to tobacco product prices and tobacco use

• 2 Phase project
  • Phase 1 (current phase)
    • collect copies of local tax laws (also requesting licensing laws)
  • Phase 2 (grant year 3)
    • coding and entry of local tax laws collected in Phase 1
ANRF – Local Tobacco Taxes

• Phase 1:
  • 13 target states based on ANRF, CTFK, and TBOT databases
  • States called to identify sources of hard copies of local tax laws
  • Electronic mailing lists obtained from the National League of Cities and National Association of Counties; supplemented with information from Municipal Yellow Pages and news reports
  • Copies of local tax laws requested from city/county clerks and from local tax administrators
  • Second e-mail solicitation, calls to follow up with:
    • non-respondents in jurisdictions known to have local taxes/fees
    • respondents who provided incomplete information
    • random sample of other non-respondents

• Limited success to date:
  • effort will continue through summer