









THE COST OF ACCESS: RAISING THE PRICE OF TOBACCO PRODUCTS

THE PUBLIC HEALTH LAW CENTER



LEGAL TECHNICAL ASSISTANCE

-  Legal Research
-  Policy Development, Implementation, Defense
-  Publications
-  Trainings
-  Direct Representation
-  Lobby



based on work for First Nations Health Authority at Gathering Wisdom VI Drawing
CHANGE

Image credit: Sam Bradd <https://drawingchange.com/gathering-wisdom-visuals-for-a-healthy-future/>

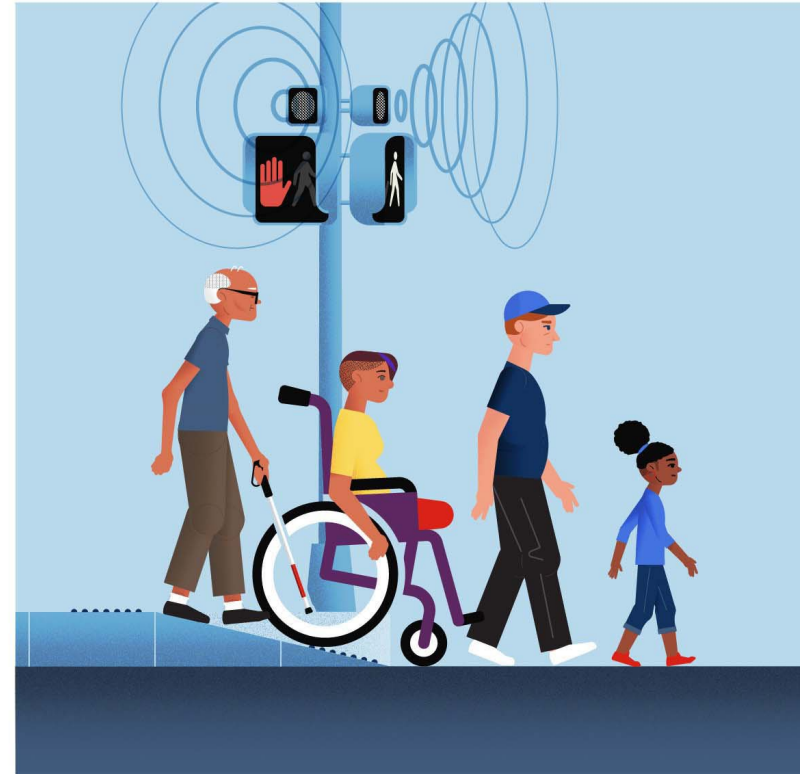
EQUALITY:

Everyone gets the same – regardless if it's needed or right for them.



EQUITY:

Everyone gets what they need – understanding the barriers, circumstances, and conditions.



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RESPECTING TRADITIONAL TOBACCO



Tobacco traditions have been passed down for generations. Tobacco plants are considered a sacred medicine for many Indigenous people.

PRICING FUNDAMENTALS

LOW PRICING IS BAD FOR PUBLIC HEALTH

- Cheap pricing
- Sample sized packaging
- Individual purchases are affordable generally
- Easier impulse purchase
- Accessible for any budget
- Accessible for youth
- Accessible for new users



PRICING FUNDAMENTALS

WHY PRICE INCREASES ARE GOOD POLICY

- Reduce overall tobacco use
- Reduce youth initiation
- Reduce tobacco-related health harms and health care costs
- Generate state revenue (tax)
- Public support
- Equitable policy



LOW PRICES HELP THE TOBACCO INDUSTRY

Research shows that tobacco is often the cheapest in lowest income communities

“Young people are very price sensitive.”

R. J. Reynolds Marketing Report, 1982

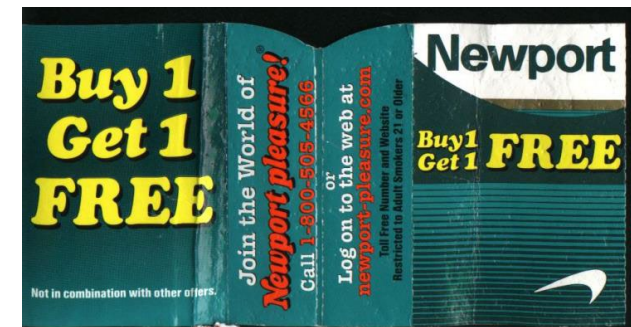
“Of all the concerns, there is one— taxation—that alarms us the most.”

Philip Morris Marketing Report, 1985



LOW PRICES HELP THE TOBACCO INDUSTRY

- Accessibility = long-term profits
- Industry focus on reducing prices at the point-of-sale for targeted communities
- Billions spent fighting tax increases
- Red herring arguments:
 - disproportionate burden
 - Regressive policies



INDUSTRY PRICE REDUCING PRACTICES

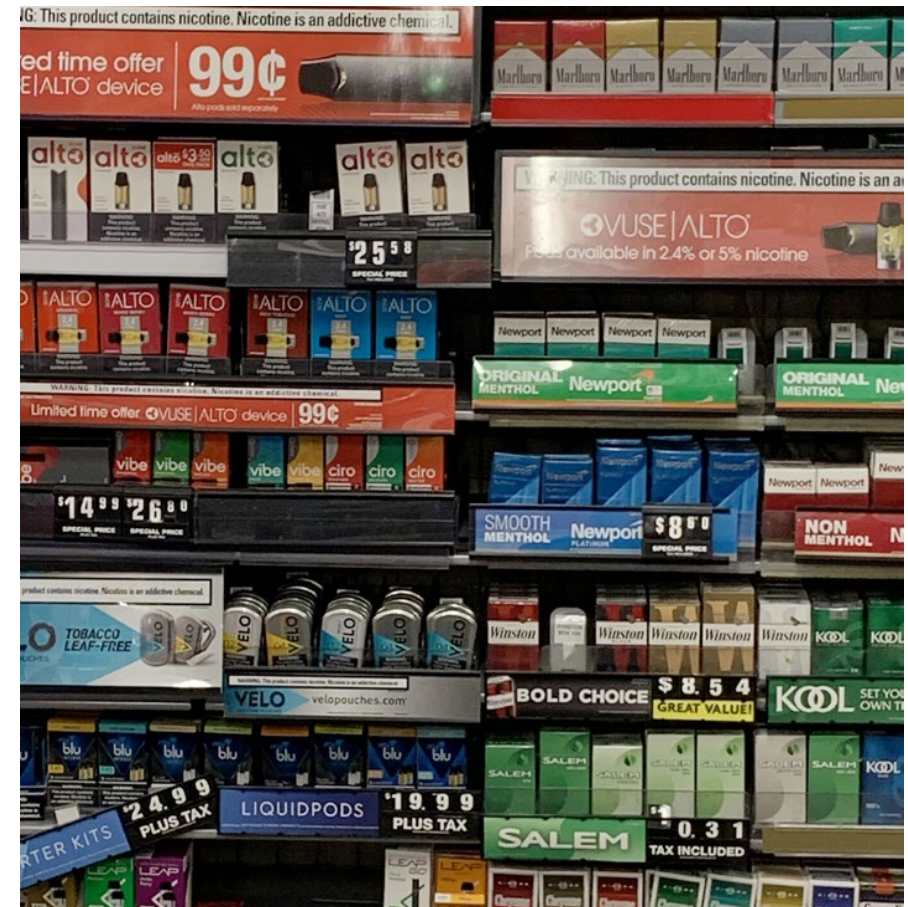
- Coupon distribution
- Coupon redemption
- Multi-pack discounts
- Competitor price matching
- Trade discounts



PRICING FUNDAMENTALS

POLICIES THAT INCREASE PRICES

- Tax increases/tax all products
- Price floors – often combined with minimum pack size
 - Unfair trade laws
 - Public health laws
- Prohibit coupon redemption
- Prohibit discounts
- Disposal/litter abatement fees



PRICING FUNDAMENTALS

POLICIES THAT INCREASE PRICES

- Local authority
- State preemption
- Other litigation challenges
 - Federal preemption
 - Commercial speech
 - Nat'l Ass'n of Tobacco Outlets v. City of Providence (2013)
 - Nat'l Ass'n of Tobacco Outlets v. City of New York (2014)



GENERAL POLICY BEST PRACTICES

- Clear, comprehensive definitions
- Implementation planning is essential as is evaluation
- Disaggregate data to evaluate all populations
- Parity among products
- Administrative feasibility



DEVELOPING AN EFFECTIVE AND EQUITABLE PRICING POLICY

- **Non-tax policies**
 - Part of a strong TRL
 - Compliance checks
 - Adequate TRL fees
- **Taxation of tobacco products**
 - Capture all tobacco products
 - Ad valorem tax on OTPs
 - increased taxes on all tobacco products
 - Dedicate funds to eliminate disparities and provide cessation support
 - Exempt approved cessation products

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REFRAMING THE CONVERSATION



Source: UC Berkeley – California Management Review