Significantly increasing the price of tobacco is an important component of a comprehensive approach to reducing tobacco use. Tobacco tax increases are endorsed by the U.S. Surgeon General as a highly effective strategy for reducing tobacco use through higher tobacco prices.

Current low tobacco prices continue to incentivize smoking for low-income and other vulnerable populations, causing these groups to shoulder a disproportionate share of the real cost of tobacco use. In response to tobacco tax increases, low-income populations quit smoking at higher rates than higher income populations. The tobacco industry likes to negatively characterize the impact of higher tobacco taxes on low-income populations.

The real cost of smoking and other tobacco use to low socio-economic populations includes:

- **Medical and social costs** borne by individuals and families for treating higher rates of tobacco-related disease, including significantly increased risk for deadly and debilitating chronic diseases including cancer, heart disease, and lung disease such as emphysema and COPD; and

- **Lost productivity** for both employees and their employers who are faced with an individual’s quality years of life lost and employee time spent not working due to tobacco-related illness.

This type of tobacco industry “spin” misses the real point of tobacco tax increases: reducing smoking, saving lives and preventing tobacco-related disease. In fact, the tobacco industry has a long and well-documented history of targeting racially diverse and low-income populations with discounts and promotions of its deadly and addictive products.

The truth is that low-income populations are more likely to quit in response to regular and significant tobacco tax increases. Similarly, low-income populations also disproportionately reap the health and financial benefits of reduced smoking. Research has determined that 46% of the lives saved due to smoking reductions attributable to the 2009 federal tobacco tax increase were enjoyed among those below the poverty line, even though this group paid just 12% of the tax increase.

Tobacco tax increases can reduce health-related disparities when more low-income smokers quit. Health disparities stemming from tobacco use further contribute to other economic and social disparities when the high cost of cancer, heart disease, lung disease, and other chronic illness is considered. In *The Economic and Health Benefits of Tobacco Taxation*, the World Health Organization stated, “all the evidence shows that poorer tobacco consumers are far more responsive to increases in price than higher income consumers, and therefore benefit the most in terms of avoiding death and disease associated with tobacco use.”

Tobacco tax increases produce reliable sources of new, recurring revenue that can fund state tobacco control programs and other health programs that directly benefit low-income populations. The health impact of tobacco tax increases can be magnified by utilizing the revenue from tax increases to help fund state tobacco prevention and cessation programs that provide resources to further support those trying to quit.

Tobacco tax increases are a public health intervention that works to reduce the real cost of smoking for both current and future populations. Tobacco tax increases reduce current tobacco use among adult smokers and prevent future youth use. Young people are 2 to 3 times more likely than adults to reduce tobacco consumption as a result of a tobacco price increase. And the prevention benefits extend to future generations who grow up in tobacco-free households.
Tobacco tax increases give current and future tobacco users essentially a “tax cut” when they help people quit. Reducing tobacco use saves a lot of money beyond the retail cost of cigarettes, with additional savings occurring in terms of preventing the health and social damages that figure prominently in the real cost of tobacco use.

8 Chaloupka FJ. The science behind tobacco taxation, presented Aug. 16, 2012 at the National Conference on Tobacco or Health, Kansas City, MO. See also Center for Budget and Policy Priorities, Higher tobacco taxes can improve health and raise revenue: http://www.cbpp.org/research/higher-tobacco-taxes-can-improve-health-and-raise-revenue.
10 CDC, 2014