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Price of Tobacco Products Fact Sheet

Overview: *Increasing the price of tobacco products reduces initiation among young people, reduces the total number of tobacco products consumed, reduces the prevalence of tobacco use, reduces tobacco-related morbidity and mortality, and increases the number of tobacco users who quit.^{1,2} Increasing the tobacco excise tax, eliminating discounts, and adopting minimum pack size laws are effective policy strategies for increasing the price of tobacco products.^{3,4}*

Price of Tobacco Products

Price of Tobacco Products in California, 2013-2014

Tobacco Product	Price
Cheapest Average Price of Cigarettes ^a	\$4.30 (\$4.23 – \$4.38)
Average Price of Electronic smoking devices ^b (e-cigarettes)	\$9.99 for Blu (classic or menthol)
Cheapest Average Price of Single Flavored Swisher Sweet cigarillo ^a	\$0.92 (\$0.93 - \$1.01)

Source: ^a Healthy Stores for a Healthy Community (HSHC) Survey, 2013⁵ and ^b California Tobacco Advertising Survey, 2014.

- Low priced tobacco products promote tobacco use.^{6,7}
 - Nationally, cigarette consumption has declined while cigarillo (little cigar) sales rates have increased dramatically.^{8,9}
 - Nationally, one in five smokers switch brands in response to lower price of tobacco products.⁶
 - Nationally, use of discounts for premium and generic brands of tobacco is highest among Native Hawaiians/Pacific Islanders (25.02%) followed by American Indian/Alaskan Native (23.69%) and individuals between the ages of 18-24 (22.33%).⁷



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- Price promotions increase the affordability of tobacco products.
 - The tobacco industry uses price promotions to reduce the selling price of tobacco products.^{10,11}
 - The tobacco industry uses multi-pack (e.g., buy two get one free) discounting strategies to promote brand loyalty and continued use.^{12,13}

Impact of Tobacco Price on Tobacco Use

- Lowering the price of tobacco products:
 - Is associated with increased prevalence of tobacco use.¹¹
 - Enables tobacco industry to recruit and retain smokers.¹
 - Influences youth experimenting with tobacco to becoming established smokers.^{14,15}
 - Discourages smoking cessation among youth and adults.¹⁴
 - Priority populations (e.g., youth, low-income populations, communities of color, or marginalized groups) have the highest smoking prevalence and are the most price-sensitive.^{1,3,16,17}
 - Priority populations experience more relapse during quit attempts due to tobacco price manipulation.¹
- Increasing the price of tobacco:
 - Is associated with reduced prevalence of tobacco use.³
 - Improves public health outcomes by preventing initiation, reducing consumption, encouraging cessation, and preventing relapse.^{1,3,16,17}
 - A 10 percent increase in the price of cigarettes among United States (U.S.) adults can result in an estimated three-to-five percent decrease in cigarette consumption.¹⁸
 - Increasing tobacco taxes has a positive impact on non-smokers by reducing exposure to secondhand smoke.¹⁶
- Tribal lands typically are not subject to state or national tobacco-related laws (e.g., taxes), which may influence price, initiation, experimentation, and access to tobacco products among tribal members.^{19,20}

Strategies to Influence the Price of Tobacco Products

Research has identified the following as the most effective strategies to increase the price of tobacco products:

- Increasing federal and state tobacco excise taxes.⁴

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- On November 8, 2016, California voters approved Proposition 56, which increases the cigarette excise tax by \$2.00 per pack of cigarettes and an equivalent tax increase on other tobacco products, including electronic cigarettes. Effective April 1, 2017, California's cigarette excise tax will be \$2.87 per pack of cigarettes, ranking 9th in the nation.²¹ Prior to the passage of Proposition 56, California had not increased its \$0.87 per pack state cigarette excise tax since 1999.
- California tobacco tax law preempts local jurisdictions from adopting their own tobacco taxes.²²
 - Several states (e.g., New York, Illinois, Ohio, Virginia, Alabama, and Alaska) allow localities to adopt and implement local tobacco excise taxes.²³
 - More than 600 local jurisdictions in the United States (U.S.) have their own cigarette tax rates.²³
- Eliminating discounts (e.g., distribution of coupons, coupon redemption, multi-pack discounts, samples, and gifts), and free and/or nominal cost tobacco products can substantially reduce smoking prevalence and tobacco-related deaths and diseases.⁴
 - Nationally, free samples of tobacco products under the U.S. Food and Drug Administration's authority are prohibited, including cigarettes, cigarette tobacco, roll-your-own tobacco, smokeless tobacco, e-cigarettes, e-liquid, cigars, hookah (water-pipe) tobacco, pipe tobacco, and dissolvables.²⁴
 - California law prohibits giving smokeless tobacco or cigarettes to the public at no cost, nominal cost, or giving coupons, coupon offers, gift certificates, gift cards, or rebate offers on any public grounds (e.g., state- or county-owned fairgrounds) or private grounds open to the public (e.g., retail outlets).²⁵
 - Local municipalities can adopt ordinances that prohibit sampling.
 - In California, as of June 2016, 53 municipalities regulate sampling by prohibiting or restricting tobacco industry coupons, coupon redemption, discounts, multipack discounts, and gifting tobacco products.²⁶
- Regulating minimum pack size can reduce youth and adult consumption and decrease initiation of tobacco use.²⁷
 - In California, as of June 2016, six municipalities require a minimum pack size for cigars: Cities of Hayward, Union City, El Cerrito, Gardena, Huntington Park, and Sonoma.²⁶

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- Adopting minimum pack prices can reduce accessibility of tobacco products among youth.²⁸
 - o In 2016, Sonoma County became the first jurisdiction in California to enact a minimum price law for cigarettes that sets the minimum price for a pack of cigarettes at \$7.00 effective January 1, 2018.
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