

Meeting Report

Tobacco-Free Partnership of Dixie/Gilchrist County

December 11, 2008, 12:00 – 1:00 PM

Location: Lighthouse Restaurant
7600 Hwy 19
Fanning Springs, FL 32693

Attendees:

- Dr. Dawn Grinenko, QDREF, Gilchrist County
- Tracy DeCubellis, QDREF, Dixie County
- Steven Rose, American Cancer Society
- Manette Cheshareck, Tobacco Cessation Specialist, Suwannee River AHEC (Dixie & Gilchrist Counties)
- Lynne McIntosh, Dixie District Schools
- Perry Davidson, Dixie District Schools

Members not in Attendance:

- Marianne Bennink, Tobacco Prevention Specialist, Dixie and Gilchrist Counties
- Chris DeCubellis, Gilchrist County UF IFAS Extension Office
- Donna Creamer, Pure Water Wilderness, Gilchrist & Dixie Counties
- Kyle Stone, Gilchrist County Chamber of Commerce
- Jeane Troke, Troke Realty, Gilchrist County
- Jim Troke, Troke Realty, Gilchrist County

Agenda:

Steven Rose of the American Cancer Society discussed the proposal to increase the Florida Cigarette Excise Tax. A meeting agenda has been attached.

Meeting:

A combined meeting was held of the Gilchrist and Dixie County Tobacco Free Partnership at the Lighthouse restaurant in Fanning Springs. Approximately 100 people were invited through email invitations, mailed invitations and personal phone calls. We had a very engaged meeting despite the poor turnout. On the

day of the meeting there were tornado warnings and the funeral of a local leader perhaps contributing to the poor turnout.

The American Cancer Society was contacted to provide a community forum on the proposed cigarette tax. Steven Rose, our guest speaker reviewed the ACS position statement on what is described as a Cigarette User fee instead of an Excise tax. A \$1.00 increase in the cost of cigarettes translates to a 3.5% decline in young adult smoking and a 7% decline in the number of kids smoking. Currently Florida taxes cigarettes 33.9 cents per pack which ranks as the 46th lowest in the nation. The average cost of a pack of cigarettes in Florida is \$3.44 while the U.S. average is \$4.22. There are more cigarettes sold in Florida than any other state in the nation at 1.3 Billion in 2007 with the largest amount of tobacco industry advertising at \$930.4. With 90% of today's smokers starting before the age of 18, the industry is targeting Florida's children.

The volunteers present were trained in obtaining petitions for the ACS effort to raise awareness for the Cigarette User Fee and agreed to consider a community wide effort to promote obtaining signatures and community awareness.

Those in attendance expressed their sense that the community will take some time to be engaged in the tobacco free partnership secondary to the high number of adult smokers in this small community and continued tobacco farming. They voiced their opinion that youth involvement will be the best motivator for adult involvement. Unfortunately, Dr. Grinenko was denied permission for selected SWAT members to attend the meeting because they had not yet taken or passed their FCAT test. Dr. Grinenko had the opportunity to speak with each of the parents who seemed very enthusiastic about their children being involved in this effort.

Future strategies to improve attendance: Announce in local newspaper, try an evening meeting, door prizes, affiliate with a local community leader, perhaps the city manager will have ideas.



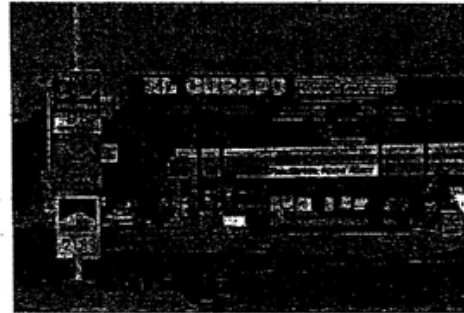
Cigarette User Fee Increase

Position Statement as of July 15, 2008

Background

When it comes to the assessment on cigarettes, Florida severely lags behind most states. Since July 1990, the amount assessed by the state per pack of cigarettes in Florida has been 33.9 cents, which ranks the state 46th in the nation¹. The average amount a state tacks onto a pack of cigarettes in the United States is \$1.18 per pack¹. Since the beginning of 2002, 44 states, the District of Columbia and Puerto Rico have passed 80 separate state cigarette user fee increases². The average size of these state cigarette tax increases was 55 cents per pack¹. The current federal cigarette user fee is 39 cents¹. The average pack of cigarettes sold in Florida costs \$3.44,² while the average pack of cigarettes sold in the U.S. costs \$4.22, both including state levied user fees¹.

From the start of 1998 to the end of 2002, just after the tobacco settlement, the major cigarette companies increased their prices by more than \$1.25 per pack¹. Despite these industry-imposed increases and a federal cigarette user fee increase in 2002, annual total tobacco duty collections in Florida have remained relatively steady over the same period of time. Total collections have changed only slightly, from \$441.2 million in FY 2002-2003³ to approximately \$450.5 million in FY 2007-08⁴. This is due, in large part, to robust state pack sales driven by an unprecedented marketing campaign by the tobacco industry in Florida. U.S. Federal Trade Commission statistics show that in 2005, the industry spent nearly \$930.4⁵ million to market its products to the people of Florida – making our state the tobacco industry's number one target. There are more cigarettes sold in Florida than in any other state - nearly 1.3 billion packs sold in FY 2007 alone¹. As time passes, inflation erodes the real value of state tobacco excise rates and revenue, as they account for an increasingly small portion of total retail price per pack.



Perhaps most alarming are the costs incurred by the states in which the smokers are treated for their tobacco-related diseases. In Florida, total annual health costs directly caused by smoking equal \$6.32 billion, with an additional \$6.47 billion in lost productivity⁵. Florida's taxpayer-funded Medicaid program takes an estimated \$1.2 billion annual hit⁵, far exceeding the **combined** total of the state's cigarette user fee collections **and** the tobacco companies' annual settlement payment to Florida. In 2006, this estimated "Medicaid deficit" exceeded \$463 million. Nationally, annual smoking-related health care costs total \$77.5 billion⁵. The U.S. Centers for Disease Control & Prevention estimates that smoking-caused health costs total \$10.28 per pack sold and consumed in the United States³.

Recently, the Legislature began a multi-year effort to reform the state's Medicaid system. Given the clear nexus between smoking and rising healthcare costs, it is reasonable to assume that an increase in the state's cigarette user fee would help offset the financial strain being put on Florida's taxpayers, who must absorb a greater portion

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of the bill each year to care for sick smokers through Medicaid. A \$1 per pack increase would likely generate more than \$1.06 billion of tax revenue for Florida⁷.

● **THE POSITION OF THE AMERICAN CANCER SOCIETY**

The Florida Division of the American Cancer Society **ACTIVELY SUPPORTS** measures that would increase the cost of cigarettes by at least \$1 per pack.

What is the burden on Florida's taxpayers?

Florida's taxpayer-funded Medicaid program currently incurs approximately \$1.25 billion in smoking-related costs per year. As indicated above, the \$450.5 million in cigarette excise collections falls woefully short, over half a billion dollars, of the funds needed to cover those expenses, thereby leaving the vast majority of nonsmoking taxpayers footing that bill. According to the Campaign for Tobacco Free Kids, the combined state and federal tax burden from smoking related government expenditures is \$585 per annum, per Florida household⁵.

What is the public health impact of an increase?

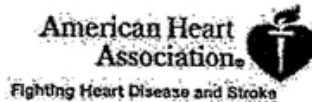
Tobacco use is the single most preventable cause of death in the country, causing over 440,000 deaths in the United States annually. Numerous studies show that increasing cigarette excise user fees is the gold standard for reducing smoking among both youth and adults. Overall, these studies show that every ten percent increase in the price of cigarettes will reduce overall cigarette consumption by three to five percent, with an even greater impact on youth smoking (a reduction of about seven percent). The following chart⁸ demonstrates some of the anticipated public health benefits.

ANTICIPATED PUBLIC HEALTH BENEFITS	
Percent decrease in youth smoking	19.5%
Number of kids prevented from smoking	224,600
Number of adults quitting	123,300
Number of smoking-affected births avoided over 5 years	21,300
Number of adults saved from smoking-caused death	32,600
Number of kids saved from premature smoking-caused death	71,800
Long-term healthcare savings in Florida from smoking declines	\$5.1 billion

Will revenues reduce as tobacco consumption goes down following a cigarette user fee increase?

No. While increased cigarette user fees do result in less tobacco use, it does not result in lowered revenues. An examination of states that significantly increased cigarette user fees during the period January 2004 to September 2005 shows that every state enjoyed significant increases to state revenues, despite reduced cigarette consumption or other factors, including cross border sales or smuggling. These states increased rates in the range of 10 cents to \$1.00, while new revenues increased anywhere from \$5.5 million to \$437.6 million. At the same time, cigarette per pack sales decreased anywhere from 0.33% to 20.6%⁹.

¹ Campaign for Tobacco-Free Kids (July 10, 2008) *State Cigarette Tax Rates & Ranks, Date of Last Increase, Annual Pack Sales & Revenues, and Related Data*.
² Campaign for Tobacco-Free Kids (July 10, 2008) *State Cigarette Tax Increases Since January 1, 2002*.
³ Florida Office of Economic and Demographic Research, *2008 Florida Tax Handbook Including Fiscal Impact of Potential Changes*.
⁴ Florida Office of Economic and Demographic Research, http://edr.state.fl.us/reports/detailp/detailp_tov07.pdf.
⁵ Campaign for Tobacco-Free Kids *The Toll of Tobacco in Florida* <http://www.tobaccofreekids.org/reports/settlements/toll.php?StateID=FL> (last viewed July 10, 2008).
⁶ Campaign for Tobacco-Free Kids July 10, 2008 *Toll of Tobacco in the USA*.
⁷ Florida Office of Economic and Demographic Research, February 15, 2006 *Revenue Estimating Conference*.
⁸ Campaign for Tobacco-Free Kids (January 24, 2008) *Florida Cigarette Excise Tax Increases Estimated New Revenues, Cost Savings, and Other Benefits & Effects*.
⁹ Campaign For Tobacco Free Kids (July 10, 2008) *Raising State Cigarette Taxes Always Increases State Revenues (and Always Reduces Smoking)*.



IT'S OKAY TO... "PASS THE BUCK!"

**Raise The Cigarette Tax By \$1.00
To Prevent Youth Smoking**

THE HEALTH BENEFITS OF RAISING THE CIGARETTE TAX \$1.00....

- **123,000 People Overall WILL Quit Smoking**

Raising the price of cigarettes by at least \$1.00 will have a "sticker-shock" effect that will encourage many people to quit smoking. Studies in multiple states have shown that higher cigarette prices will reduce smoking. For every 10% increase in the price per pack, smoking will be reduced by 4%.

- **Kids WILL Quit Smoking**

A \$1.00 increase translates to a 3.5% decline of young adult smokers and a 7% decline in the number of kids smoking. 4,000 kids try their first cigarette every day—raising the price will curb that statistic.

- **Teens Will NEVER Start Smoking**

90% of today's smokers started when they were 18 years or younger. Raising the price \$1.00 on a pack of cigarettes will prevent many teens, who are much more price sensitive than adults, from picking up a costly and deadly habit.

- **Pregnant Women WILL Stop Smoking**

For every 10% increase in price, 7% of pregnant women will quit smoking. Higher cigarette prices will help already motivated women stop smoking. There will be an immediate benefit of reducing tobacco-related birth complications, and future healthcare costs.

- **Floridians WANT These Health Gains**

Unless a cigarette tax is increased substantially, the full benefits cannot be obtained. Smaller increases can be mitigated by the tobacco companies through coupons and other industry tools. A March 2008 statewide poll showed 68% of Floridians want these health gains by strongly favoring a \$1.00 per pack increase.

It's Time to Raise the Cigarette Tax in Florida!



Increasing the cigarette tax WILL save lives, reduce healthcare costs and generate much needed money for the state.

Dear Governor Crist and Members of the Florida Legislature:

I, the undersigned, am in support of a \$1.00 per pack increase in the state cigarette excise tax, with the increased revenue being allocated to health services in the state of Florida, including cancer research and oncology residency and fellowship programs.

A \$1.00 increase in the cigarette tax is the best way to encourage people to quit smoking, and discourage teens and children from ever starting the deadly habit.

NAME (FIRST/ LAST):

STREET ADDRESS:

CITY/ STATE/ ZIP:

EMAIL:

SIGNATURE:



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