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Oxford Scholars: Proposition 56

Within the past 30 years, California has been making significant efforts to lower the rate of tobacco-related deaths and state expenditures. By implementing laws prohibiting smoking in workplaces, multi-unit residences, state property, playgrounds, schools, vehicles with children, and by adjusting the legal smoking age from 18 to 21, California has successfully reduced adult smoking rates from 26.7% in the mid-1980s to 12.9% today. However, as e-cigarettes enter the tobacco market, large tobacco companies pose a new threat by targeting kids with e-cigarette flavors like bubblegum and cotton candy. As of 2016, 21.4% of high school students smoke e-cigarettes and 16,800 kids under age 18 are expected to become smokers this year alone which poses a serious threat to the long-term health of California's population.

Although it has one of the lowest national average of smokers, California's state tax on cigarettes is currently \$.87, ranking it the 37th lowest in the nation; 78 cents below the national tobacco tax average of \$1.65. For every 10 percent increase in cigarette price, there's a corresponding 7 percent drop in use among teens and a reduction of 4 percent in adult smoking demand. Proposition 56 aims to increase the cigarette tax by \$2.00, with an equivalent tax on e-cigarettes, to lower the percent of smokers in California as tobacco remains the number one cause of preventable death. Of the expected 1 - 1.4 billion dollars accumulated within the first year from this tax, five percent will go towards covering the administrative cost of the tax and ten percent will go to enforcing tobacco laws, training physicians, and preventing and treating

dental diseases each. The 85% that remains is distributed: 82% to Medi-Cal, 11% to tobacco-use prevention, 5% to University of California cancer research, and 2% to tobacco-use prevention school programs. Prop. 56 supporters have raised over \$30 million from donations from health organizations such as California Hospitals Committee on Issues, the California Dental and Medical Association, and the California State Council of Service Employees Issues Committee. Leading up to the November election, these supporters have run campaign ads on TV promoting Prop. 56 and the healthier future it would create for the state.

Many of these ads claim that smokers already pay more for cigarettes than just the \$.87 tax as smoking also costs them their health. The use of tobacco leads to 40,000 deaths each year and smokers and non-smokers alike help compensate for the \$3.5 billion cost of tobacco-related health care through their taxes - on average \$413 per household. The \$2.87 tax per pack offers an opportunity to offset the \$3.5 billion and supporters say the tax could therefore be considered a “user fee.” To protect the state’s health, the tax money will also fund Medi-Cal to make healthcare more affordable, existing programs to prevent tobacco-use, and research for cures to tobacco-induced cancers. Further steps will be taken to discourage the youth from smoking tobacco as the implementation of tobacco-use prevention school programs also works to raise awareness of its severe health effects. While health companies claim promoting healthier habits in the state’s population remains is a priority for this initiative, tobacco companies argue their campaign is just “blowing smoke.”

Consequently, the big tobacco companies are fighting to defeat this initiative by spending over \$66 million on the campaign against Prop. 56. Many ads sponsored by companies such as Philip Morris USA, R.J. Reynolds Tobacco Company, and John Middleton Company focus on the proposition in regards to its effect on school budgets. Referencing the Classroom

Instructional Improvement and Accountability Act which requires a minimum amount of the state budget to go towards education, they argue Prop. 56 reduces school funding and therefore violates the statute. Furthermore, this tax disproportionately targets those with low income and a younger population. As the demographic of Californians who smoke is predominantly those living under the poverty line, the \$2.87 per pack tax becomes a burden for those individuals who are expected to benefit from the millions of dollars going to MediCal. Indirectly, the people the tax aims to help are funding the tax that supports their medical fees. The tax also assumes that personal habits can be broken when they become financially straining. Rather, the addiction can drive smokers to seek out illegal sources. In 2010, New York raised the state's tobacco tax to \$4.35, the highest in the nation, and since has lost nearly \$400 million as smokers respond to the higher prices by buying cheaper brands, crossing state lines, and turning to black markets. According to the Tax Foundation, "The last 10 years have been a boon to organized crime, with 58 percent of New York's cigarettes supplied from out-of-state." If the raised tax were to have a similar effect in California, the state would be setting itself up to be hurt economically.

If passed, Proposition 56 will alter California's tobacco tax from the 37th lowest to the 9th highest nationally. Californians, with some of the lowest smoking rates in the country, are predisposed to many of the anti-tobacco measures. Public health campaigns have extensively warned Californians that smoking is bad for their health so on paper, this sin tax makes sense to a lot of California's population. Agreeing with the proposal in principle, many voters may not dig deeper. Other propositions on the ballot may also have an effect on the result for Prop. 56 as the proposition for marijuana legalization, Prop. 64, is expected to draw more attention in this election. By comparison, taxing tobacco does not seem as burning of a concern. Nonetheless, tobacco and health companies have still spent millions publicizing this proposition. However, if

only 12.9% of the adult population smokes, then the rest of the voters will either be indifferent or likely to vote for it leading the measure to easily pass. Because the other distinguished group opposed are teenagers, the majority of which cannot vote, the votes just won't add up against this tax. In my opinion, even though this proposition has the potential to disproportionately tax a lower income demographic, the spirit of the proposition is sound. It funds Medi-Cal and tobacco-related cancer research, addresses tobacco's health threat, and most importantly, creates economic barriers for young people who have not yet started smoking.