



Election Day could yield higher taxes on cigarettes and vaping in California

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California's Proposition 56 increases taxes on cigarettes in the name of reducing smoking, but critics warn what it really does is impose a regressive tax for special interest groups, and in the process, it will likely create black markets.

California voters will head to the polls on November 8 to decide whether to increase the cost of smoking two dollars per pack in a move that supporters claim will simultaneously increase tax revenue and drastically reduce smoking.

It is up to California voters to decide whether to raise taxes on cigarettes and vaping products.

Proponents of the proposition say it will prevent kids from getting addicted to tobacco and asks that smokers pay their "fair share" of health care costs. The group, Yes on 56, also claims that "candy-flavored electronic cigarettes containing nicotine" are being targeted at kids. Another proponent makes an even bolder claim.

"Proposition 56 would get us within spitting distance of wiping out smoking in California completely," Prof. Stanton A. Glantz of UC San Francisco's Center for Tobacco Control Research and Education told the Los Angeles Times.

Opponents of the proposition claim that most of the money will simply be handed over to insurance companies with no guarantee as to what it will be used for: only 13 percent goes to help prevent and reduce smoking, and over a hundred million dollars is allowed for just administration costs.

"Don't be fooled. Prop. 56 is sponsored by savvy special interests. It lacks vital protections that would ensure our tax dollars are going to treat more Medi-Cal patients and to help keep more kids from starting to smoke," said Mark Hinkle, president of the Silicon Valley Taxpayers Association, in an op-ed for the San Francisco Chronicle. "We have a lot of important issues facing our state; padding insurance CEO salaries with taxpayer dollars isn't one of them."

“Prop. 56 is a tax grab primarily for health insurance companies who will get the lion’s share of the estimated \$1.4 billion raised by the higher tax without having to treat more Medi-Cal patients. That way, insurance companies can increase their bottom line,” Hinkle continued.

A 2015 study from the Mackinac Center found that cigarette taxes drive smokers to black markets and smuggling.

“New York remains America’s number one smuggling state for inbound, illegal traffic at 58.0 percent of the total market,” Michael LaFaive, Todd Nesbit, and Scott Drenkard wrote in their study.

“High excise taxes on cigarettes have led to all sorts of unintended consequences: smuggling; violence against people, police and property; product and tax stamp counterfeiting and even the financing of terrorist groups,” LaFaive, Nesbit, and Drenkard continued. “Policymakers can roll back this illicit trade — if interested — by cutting taxes, or adopting smarter and more intensive police tactics or both.”

Studies have shown that taxes do have an impact on the number of people who consume tobacco but researchers Kevin Callison and Robert Kaestner question the future impact of future taxes in their 2014 paper for the Cato Institute.

“While smoking has declined as a result of the tax, our recent study shows that the “core” of smokers that remains after the multiple recent tax increases is less responsive to price increases than commonly assumed. As a result, the public health argument to justify additional cigarette taxes is less valid today,” wrote Callison and Kaestner.

“Cigarette taxes also represent a non-trivial burden on low-income families’ budgets.”

In a 2012 study, researchers found that taxes on cigarettes disproportionately impact people of low income. The study covered New York and national Adult Tobacco Surveys from 2010 to 2011 and included more than 13,000 participants. The study showed that, even despite high taxes, people with lower incomes smoked at a higher rate than those with higher levels of income.

While the arguments over impact and monetary gains are discussed, there is a detail that some may miss about Proposition 56. The proposition includes an attempt to redefine vaporizers as tobacco products which adds further revenue for the state. Treating vaporizers and juices like tobacco products means that taxes on those products will go up 67 percent.

“It would thwart smokers from choosing vapor products over traditional analog cigarettes,” Joseph Barcelon of Planet of the Vapes, a vape shop in Modesto, California, told KCRA 3. “It’s very possible that we’ll have to lay off staff.”

California State health officials suggest that fruit and candy flavored vape juice is dangerous because it may entice small children. They say that vaporizers are being marketed to children. Despite claims that there is no evidence vaping helping smoking cessation, a study from England shows that vaping is 95 percent less harmful than smoking.

“E-cigarettes are not completely risk free but when compared to smoking, evidence shows they carry just a fraction of the harm,” said Professor Kevin Fenton, Director of Health and Wellbeing at Public Health England. “The problem is people increasingly think they are at least as harmful and this may be keeping millions of smokers from quitting. Local stop smoking services should look to support e-cigarette users in their journey to quitting completely.”