Public health improved after alcohol, cigarette tax says study

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Baltimore - A new report from the Abell Foundation finds that Maryland legislation to increase taxes on alcohol and cigarettes led to decreases in the use of both products and improvements in people's health in the years since the taxes went into effect. The report recommends that policymakers consider implementing tax increases as a strategy to improve public health.

In Public Health Policy in Maryland: Lessons from Recent Alcohol and Cigarette Tax Policies, researchers from the Johns Hopkins Bloomberg School of Public Health examine the effects of two state laws: a 2011 law, which increased the sales and use tax rate for alcoholic beverages from 6 percent to 9 percent, effective July 1, 2011; and a measure that increased the excise tax on a pack of cigarettes from $1.00 to $2.00, effective January 1, 2008.

Alcohol and cigarette use are linked to a host of public health problems, from driving under the influence to sexually transmitted infections to cancer, cardiovascular disease and respiratory diseases. Smoking continues to be a leading cause of mortality in Maryland, with 7,500 residents dying from smoking-related diseases each year.

"This report allowed us to investigate the effect that targeted tax legislation had both on improving health outcomes related to cigarette smoking and alcohol consumption, and creating the revenue needed to further address health challenges," explained Terry Staudenmaier, Senior Program Officer for Health and Human Services at the Abell Foundation. "The findings prove that this type of legislation is an effective public health tool in Maryland."

After the sales tax on alcohol increased, binge drinking (five or more consecutive drinks) in Maryland adults decreased from 18 percent in 2011 to 14 percent in 2015, the study finds. In youth, the results were even more pronounced. In 2011, 35 percent of Maryland high school students reported consuming alcohol at least once in the preceding 30 days. This number dropped to 26 percent in 2015, a reduction of 26 percent. In comparison, there was a 17 percent reduction among students nationwide during the same time.

The report finds that "The relationship that is evident across studies is clear: As the price of alcohol increases, death and injury decrease generally, with specific declines in alcohol-related diseases, violence, traffic crashes, and crime."

Similarly, the increase in the cigarette tax led to decreases in smoking in Maryland. Maryland retailers sold 182 million packs of cigarettes in 2015, down from 269 million packs in 2007. Most of the decline came on the heels of the 2008 cigarette tax increase. And, the number of smokers has continued to drop every year since the tax increase went into effect.

Youth smokers are especially sensitive to price. In 2007, 17 percent of Maryland high school students reported smoking at least once in the previous 30 days, dropping to just 9 percent in 2015. The report notes that young people who do not smoke in high school are less likely to start smoking as adults and are less likely to use other illegal substances than their smoking peers.

Both taxes also generated revenue for the state of Maryland, the report finds. In 2016, alcohol sales generated $283 million for the state, about $70 million of which can be attributed to the 2011 sales tax increase. Cigarette tax revenue increased by $72 million after the 2008 increase - from $268 million in 2007 to $340 million in 2008. By 2016, revenue from the state's cigarette tax reached $360 million.

The money raised through these two taxes ultimately goes into the state's general fund and then can become harder to track. The money can be earmarked for specific initiatives, however. Revenues from the cigarette tax increase, for example, were used to expand Medicaid in Maryland through the Small Business Health Care Coverage Act of 2007, which provided an additional 100,000 Marylanders with health care. And the approximately $70 million per year raised by the 2011 alcohol sales tax increase has been budgeted for important public health needs like programs to help people with drug and alcohol addiction, developmental disabilities, and mental health issues.

The report is authored by Keshia Pollack Porter, a professor at the Johns Hopkins Bloomberg School of Public Health (JHSPH); Shannon Frattaroli, an associate professor at JHSPH; and Harpreet Pannu, a physician and independent consultant. The three researchers spoke with experts and advocates and reviewed evidence of public health impacts as well as of revenue generated.

The report concludes that these kinds of taxes are effective policy strategies to improve public health and recommends that future efforts should ensure transparency around how the revenues are spent and employ effective advocacy strategies to maximize public health gains through state policy.

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