

STATE OF CALIFORNIA
TOBACCO EDUCATION AND RESEARCH OVERSIGHT COMMITTEE

MEMBERS:

MICHAEL ONG, M.D., Ph.D.
CHAIRPERSON
Associate Professor in Residence
Division of General Internal Medicine and
Health Services Research
Department of Medicine
University of California, Los Angeles

LOURDES BAEZCONDE-GARBANATI, Ph.D., M.P.H., M.A.
Professor, Preventive Medicine and Director
Center for Health Equity in the Americas
Institute for Health Promotion and Disease Prevention
Research Department of Preventive Medicine
Keck School of Medicine
University of Southern California

RICHARD BARNES, JD
Consultant

MARY BAUM
Senior Program Director
Social Advocates for Youth (SAY) San Diego

VICKI BAUMAN
Prevention Director II
Stanislaus County Office of Education

PRIMO J. CASTRO
Director of Government Relations
American Cancer Society Cancer Action Network

PATRICIA ETEM, M.P.H.
Executive Consultant
CIVIC Communications

ALAN HENDERSON, Dr.P.H., C.H.E.S.
Professor Emeritus
California State University, Long Beach

PAMELA LING, M.D., M.P.H.
Associate Professor
Department of Medicine
University of California, San Francisco

WENDY MAX, Ph.D.
Professor in Residence and Director
Institute for Health Aging
University of California, San Francisco

ROBERT OLDHAM, M.D., M.S.H.A.
Public Health Officer and Public Health Division Director
Placer County Department of Health and Human Services

CLARADINA SOTO, Ph.D., M.P.H.
Assistant Professor
University of Southern California
Keck School of Medicine

MARK STARR, D.V.M., M.P.V.M.
Deputy Director for Environmental Health
California Department of Public Health



August 23, 2017

RE: TEROC Supports Local Policies that Prohibit Tobacco Industry Price Discounting

To Whom It May Concern:

I am writing in my capacity as Chair of the Tobacco Education and Research Oversight Committee (TEROC). TEROC is a legislatively mandated oversight committee that monitors the use of Proposition 99 and Proposition 56 tobacco tax revenues for tobacco control, prevention education, and tobacco-related research in California (Health & Safety Codes §§ 104365-104370, Rev. & Tax. Code § 30130.56(e)). TEROC advises the California Department of Public Health; the University of California; and the California Department of Education with respect to policy development, integration, and evaluation of tobacco education programs funded by Proposition 99 and Proposition 56. TEROC is also responsible for the development of a master plan for the future implementation of tobacco control and research, and making recommendations to the State Legislature for improving tobacco control and tobacco-related research efforts in California. TEROC's 2015-2017 Master Plan, [Changing Landscape: Countering New Threats](#) lays out a vision for a tobacco-free California, including Objective 3: Achieve Tobacco-Related Health Equity, Objective 5: Prevent Youth and Young Adults from Beginning to use Tobacco, and Objective 7: Minimize Tobacco Industry Influence and Activities.

The tobacco industry uses price discounting strategies in the retail environment to lower tobacco price to increase consumption. **TEROC strongly urges local governments to adopt policies that prohibit price discounting strategies for the following reasons:**

- 1) Low priced tobacco products promote tobacco use¹, enable the tobacco industry to recruit and retain users², and discourage smoking cessation among youth and adults³.
- 2) The tobacco industry is driving tobacco-related health disparities by targeting lower-income communities of color and youth and young adults with tobacco product price discounts.

Raising the price of tobacco is shown to be one of the most effective ways to reduce consumption and improve public health outcomes^{1, 4}. With the overwhelming passage of Proposition 56 in 2016, California increased the excise tax on cigarettes by two dollars per pack, taking our state's ranking from 37th to 9th in the nation, in terms of tobacco taxes. The initiative increased the tax on other tobacco products, including electronic cigarettes by an equivalent amount. When excise taxes are implemented successfully and the price of tobacco increases, tobacco consumption decreases¹. However, the tobacco industry retaliates by ramping up price discounting strategies to offset the tax effect. Examples of price discounting strategies include coupons, rebates, gift cards, selling single cigars or little cigars, and other price

promotions marketed to the customer and tobacco retailer. **TEROC applauds local efforts to adopt evidence-based policies that prohibit the redemption of price promotions and regulate minimum pack size and/or minimum price.** Research demonstrates that these are the most effective strategies to increase the price of tobacco and promote positive public health outcomes such as preventing tobacco initiation, reducing consumption, and encouraging cessation^{1,2,3}.

The tobacco industry targets youth, young adults, and other price-sensitive consumers such as low-income populations with price-related promotions like coupons, multi-pack discounts, and gifts. These communities are exposed to more tobacco retailers in their neighborhoods, more prominent tobacco advertising in those stores, and more frequent and steeper tobacco price discounts compared to white adults of higher socio-economic statuses^{5,6}. Nationally, the use of discounts from premium and generic brands of tobacco is highest among Native Hawaiians/Pacific Islanders at 25%, followed by American Indian/Alaskan Native at 24%, and then by individuals between the ages of 18-24 at 22%⁴. The result is a higher rate of tobacco use and a higher rate of tobacco-related diseases among lower-income communities of color compared to higher income white people⁷. **The social injustices perpetuated by the tobacco industry to make profits and keep consumers addicted to their products are unacceptable. TEROC applauds local efforts to propose and adopt policies that prohibit price discounting strategies in the retail environment.**

Prohibiting price discounting is consistent with TEROC's 2015-2017 Master Plan, [Changing Landscape: Countering New Threats](#), Objective 3: Achieve Tobacco-Related Health Equity, Objective 5: Prevent Youth and Young Adults from Beginning to use Tobacco, and Objective 7: Minimize Tobacco Industry Influence and Activities. There is strong evidence that price manipulation strategies have a disproportionate negative impact on the health and wellness of youth, young adults, and low-income people of color. **Therefore, TEROC strongly supports the adoption of policies that prohibit price discounting strategies at the local level.**

TEROC stands with local agencies and community-based organizations who are working tirelessly to protect the health and well-being of all California residents through comprehensive tobacco control strategies.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Ong', written in a cursive style.

Michael Ong, M.D., Ph.D.
Chairperson

References

1. U.S. Department of Health and Human Services. (2012). *Preventing tobacco use among youth and young adults: A report of the Surgeon General*. Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health.
2. Chaloupka, F., Yurekli, A., Fong GT. (2012). Tobacco taxes as a tobacco control strategy. *Tobacco Control*, 21(2), 172-180.
3. Bader, P., Boisclair, D., Ferrece, R. (2011). Effects of tobacco taxation and pricing on smoking behavior in high risk population. *International Journal of Environmental Research and Public Health*, 8(11), 4118-4139.
4. U.S. Department of Health and Human Services. (2014). *The health consequences of smoking: 50 years of progress. A report of the Surgeon General*. Atlanta: U.S. Department of Health and Human Services, Center for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health.
5. Rodriguez, D., Carlos, H., Adachi-Mejia, A., Berke, E, Sargent, J. (2013). Predictors of tobacco outlet density nationwide: a geographic analysis. *Tobacco Control*, 22(5), 349-355.
6. Hiscock, R., Bauld, L., Amos, A., Fidler, J., Munafò, M. (2011). Socio economic status and smoking: a review. *Annals of the New York Academy of Sciences*, 1248, 107-123.
7. Xu, X., Wang, X., Caraballo, R. (2016). Is every smoker interested in price promotions? An evaluation of price-related discounts by cigarette brands. *Journal of Public Health Management and Practice*, 22(1), 20-28.