Part 2: Minimum Floor Price Laws
An Emerging Strategy to Reduce Tobacco-Related Socioeconomic Inequities

Our Mission
Create healthier communities for all through equitable laws and policies.

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**Agenda**

**Part 1 Recap**
- Why tobacco pricing policies?
- Types of tobacco pricing policies
- Policy considerations

**Additional Policy Considerations**

**New Resources**
Fact Sheet & Infographic

**Why Focus on Tobacco Product Prices?**
Evidence for Action

- Widespread Availability of Cheap Tobacco Products
- Counter Industry Price Discounts
- Counter Predatory Targeting
- Effective Across Populations
- Disproportionate Benefits Among Some Priority Populations
- Track Record of Success

Federal & State Pricing Policies

Minimum Markup Laws
- Roughly ½ of states
- Questionable efficacy
- Difficult to enforce

Excise Taxes
- Gold standard
- Every state + D.C.
- Government funding
- California preempts local tobacco taxes

Local Policy Solutions

- Establish Minimum Floor Prices
- Prohibit the Redemption of Coupons, Discounts, and Promotions
- Establish Minimum Package Sizes
Each Pricing Strategy Complements the Others

Adopt All Three!

Policy Considerations
- Pricing policies are regressive
- Focus on industry targeting
- Avoid the 1st Amendment
- Strong, equitable enforcement
- Account for inflation

Electronic Smoking Devices
Challenges
- Variations in product type
- Unintended consequences

Strategies
- Limit policy to pod-based devices (e.g., JUUL)
- Restrict products with nicotine content above a specified percentage
Additional Considerations

- Online sales & promotions
- Product substitution
- Cessation resources
- Retailer support
- Neighboring jurisdictions

Example Jurisdictions
Minimum Floor Price Laws

Sonoma County (2016)
$7 minimum for cigarettes, little cigars, and single cigars

San Leandro (2017)
$7 per package of five cigars or $5 for a single cigar

Windsor (2018)
$7 minimum for cigarettes, little cigars and cigars (5 pack), $7 per package of chewing tobacco or snuff.

City of Alameda (2018)
$7 minimum for cigarettes, $5 for little cigars, and $5 single cigars

Albany (2019)
$8 minimum for cigarettes, little cigars, and single cigars

New York City
Expanded Minimum Floor Price Law

Products Subject to MFPL
- Cigarettes
- Little cigars
- Cigars
- Smokeless tobacco

Innovations
- Minimum package sizes (by weight) for smokeless, snus, shisha, and loose tobacco
- Floor price increases based on weight or quantity.

Examples
- Cigars = $7.00 + ($1.75 x number of cigars)
- Smokeless = $6.00 + ($2.00 x each additional 0.3 ounces or any fraction thereof)
Resources

Comprehensive TRL Model Ordinance

- Minimum Package Size*
- Minimum Floor Price*
- Prohibition on Redemption of Coupons, Discounts, and Promotions

* Cigarettes, Little Cigars, and Cigars Only

Point-of-Sale Tobacco Pricing Policies Fact Sheet & Infographic

https://www.changelabsolutions.org/product/point-sale-tobacco-pricing-policies
Blueprint for Changemakers

- Leverage the unique power and efficacy of local policy solutions
- Incorporate health in all policies, and
- Engage diverse community members in the policy process

Thank you!

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MINIMUM FLOOR PRICE POLICIES AND THEIR POTENTIAL IN CALIFORNIA TOBACCO CONTROL

Shelley D. Golden
RAISING TOBACCO PRICES:

- Reduces initiation among youth
- Reduces prevalence of tobacco use
- Reduces the total amount of tobacco consumed
- Increases successful cessation
- May reduce socioeconomic disparities in smoking
- Reduces tobacco-related health problems and deaths
- Reduces healthcare costs and productivity losses

Community prevention services task force. (2012) Reducing tobacco use and secondhand smoke exposure: Interventions to increase the unit price for tobacco products. Available at: https://www.thecommunityguide.org/sites/default/files/assets/Tobacco-Increasing-Unit-Price.pdf

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EXCISE TAXES AS A PRICE POLICY

A minimum floor price law (MFPL) sets a price below which the product cannot be sold
PRICE POLICIES WORK DIFFERENTLY

EXCISE TAXES RAISE ALL PRICES BY A CERTAIN AMOUNT

FLOOR PRICES...
FLOOR PRICES ELIMINATE CHEAP PRICE TIERs

CALIFORNIA S2 TAX INCREASE....

+ MFPL
### Outcomes

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### IMPACT OF FLOOR PRICE = AVERAGE STATE PRICE

Assumes 19% policy avoidance and price elasticity = -0.3
Golden et al. (2016) doi:10.1136/tobaccocontrol-2016-053230

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<th>High Income</th>
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<tr>
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<td>-5%</td>
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<tr>
<td>+8%</td>
<td>-3%</td>
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Greater reduction in consumption with higher floor price

Assumes 19% policy avoidance and price elasticity = -0.3
Golden et al. (2016) doi:10.1136/tobaccocontrol-2016-053230
PROJECT GOALS

Build a California-specific online tool that can:

- Identify cigarette floor price options for local jurisdictions
- Project the short-term impact of each floor price option on adult smoking prevalence and cigarette consumption
- Provide insight about how MFPLs may influence smoking disparities

STEP ONE: CREATE BASELINE POPULATION

Simulate individuals
- Match local demographics

Use 2014-2016 CA BRFSS data to assign baseline characteristics:
- Who smokes?
- How many cigarettes?
- How much do they pay?

STEP 2: CHOOSE FLOOR PRICE OPTIONS

Distribution of initial prices in one simulated CA population

$7.64
**STEP 2: CHOOSE FLOOR PRICE OPTIONS**

Distribution of initial prices in one simulated CA population.

- $7.64
- $7.50
- $7.00
- $6.50
- $6.00
- $5.50
- $5.00
- $4.50
- $4.00
- $3.50
- $3.00
- $2.50
- $2.00
- $1.50
- $1.00

**STEP 3: MODEL POLICY OUTCOMES**

- Assume individuals previously paying below the floor price now pay the floor price
- Incorporate policy avoidance
- Assume 10% ↑ in price → 4% ↓ in consumption
- Assume half of consumption decline is due to cessation

Statewide Model
Predicted changes in: Cigarette prices (statewide)

Average Price Paid

Floor Price

Pre-Policy

Floor Price

Pre-Policy

Floor Price

Pre-Policy
Predicted changes in: Cigarette prices (statewide)

- No avoidance
- Low avoidance (7%)
- High avoidance (15%)

Predicted changes in: State smoking prevalence

- Smoking prevalence:
  - 10.2%
  - 10.1%
  - 10.0%
  - 9.9%
  - 9.8%
  - 9.7%
  - 9.6%

Floor Price

$7.00 $7.50 $8.00 $8.50 $9.00 $9.50

Pre-Policy
Predicted changes in State smoking prevalence

- No avoidance
- Low avoidance (7%)
- High avoidance (15%)

-84,000 fewer smokers in California

Predicted changes by income for $8.50 state FP

- Low income <250% FPL: +13% -5%
- <250% FPL: +11% -4%

Assumes 15% policy avoidance
Predicted changes by income for $8.50 state FP

Low Income

High Income

Assumes 15% policy avoidance

OUR VISION

Minimum Floor Price Law

COUNTY POPULATIONS DIFFER

22%
16.3%
8%

Age 65+
Latino/Hispanic
Below FPL

13%
46%
14%

US Census Quickfacts, 2019
COUNTY PRICES DIFFER

Based on prices of cheapest pack identified in 2016 CA Healthy Stores for a Healthy Community Survey.

LIMITATIONS AND POSSIBLE EXTENSIONS

1. Model applies only to cigarettes – what about little cigars or other products.
LIMITATIONS AND POSSIBLE EXTENSIONS

2. Model focuses only on adults, and primarily on cessation.

LIMITATIONS AND POSSIBLE EXTENSIONS

3. Model projects short-term behavior changes

LIMITATIONS AND POSSIBLE EXTENSIONS

4. Model applies only to California
SPECIAL THANKS TO

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Kurt Ribisl

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