



3 packs for the price of 2

CHERRY APPLE MANGO BERRY

BUY 1 GET 1 FREE

Method Method Method Method Method

Part 2: Minimum Floor Price Laws

An Emerging Strategy to Reduce Tobacco-Related Socioeconomic Inequities

99c

2 for 1



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## Our Mission

Create healthier communities for all through **equitable** laws and policies.



Local Tobacco Retailers

Cafe

SCHOOL

PHARMACY

MINIMUM 1,000 FT.

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## Disclaimer

The information provided in this discussion is for informational purposes only, and does not constitute legal advice. ChangeLab Solutions does not enter into attorney-client relationships.

ChangeLab Solutions is a non-partisan, nonprofit organization that educates and informs the public through objective, non-partisan analysis, study, and/or research. The primary purpose of this discussion is to address legal and/or policy options to improve public health. There is no intent to reflect a view on specific legislation.

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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



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## Why Focus on Tobacco Product Prices?

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## 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

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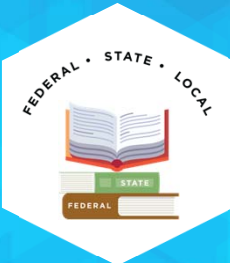
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## Federal & State Pricing Policies



**Minimum Markup Laws**

- Roughly 1/2 of states
- Questionable efficacy
- Difficult to enforce

**Excise Taxes**

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

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## Local Policy Solutions



- ✓ Establish Minimum Floor Prices
- ✓ Prohibit the Redemption of Coupons, Discounts, and Promotions
- ✓ Establish Minimum Package Sizes

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## Fitting the Puzzle Pieces Together



Each Pricing Strategy  
Complements the  
Others

Adopt All Three!

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## Policy Considerations

- Pricing policies *are* regressive
- Focus on industry targeting
- Avoid the 1<sup>st</sup> Amendment
- Strong, equitable enforcement
- Account for inflation



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## 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

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### Additional Considerations

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

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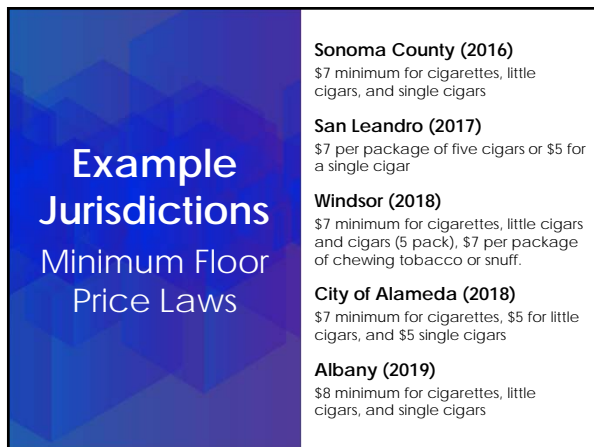
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### Example Jurisdictions Minimum Floor Price Laws

**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

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### New York City Expanded Minimum Floor Price Law

**Products Subject to MFPL**

- Cigarettes
- Little cigars
- Cigars
- Smokeless tobacco
- Snus
- Shisha
- Loose tobacco

**Innovations**

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

**Examples**

**Cigars** = \$8.00 + (\$1.75 x number of cigars)

**Smokeless** = \$8.00 + (\$2.00 x each additional 0.3 ounces or any fraction thereof)

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**Comprehensive Tobacco Retailer Licensing Ordinance**  
A Model California Ordinance  
Regulating the Tobacco Retail Environment  
WITH ANNOTATIONS

Updated June 2018  
(Originally issued December 1999)

Developed by ChangeLab Solutions

This document was made possible by funds received from Grant Number 14-02244 with the California Department of Public Health, California Tobacco Control Program.

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ChangeLab Solutions is a nonprofit organization that provides research and technical assistance to public health advocates. For more information, please visit our website at <http://www.changelabsolutions.org>.

<http://changelabsolutions.org/publications/model-TRL-Ordinance>

## Comprehensive TRL Model Ordinance

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

\* Cigarettes, Little Cigars, and Cigars Only

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

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

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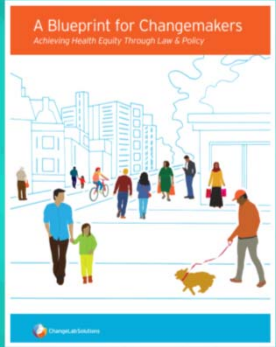
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**A Blueprint for Changemakers**  
Achieving Health Equity Through Law & Policy

## 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

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**Thank you!**

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Shelley D. Golden

**MINIMUM FLOOR PRICE POLICIES  
AND THEIR POTENTIAL IN  
CALIFORNIA TOBACCO CONTROL**



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### 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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Outcomes	Tax
Prevent youth initiation	X
Raises \$\$ for gov't	X
May reduce disparities	X
No retailer/industry profit	X
Guard against discounts	
Focus on cheapest cigs	

### EXCISE TAXES AS A PRICE POLICY

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

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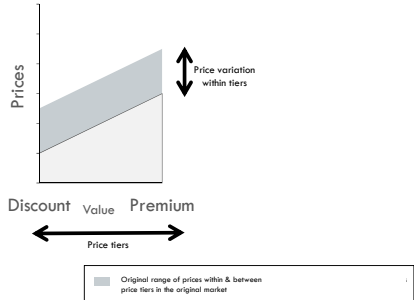
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### PRICE POLICIES WORK DIFFERENTLY



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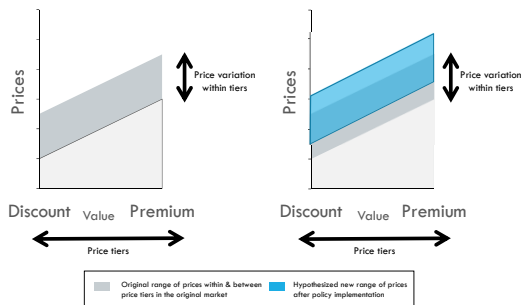
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### EXCISE TAXES RAISE ALL PRICES BY A CERTAIN AMOUNT



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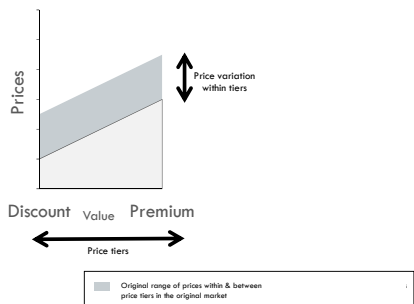
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### FLOOR PRICES...



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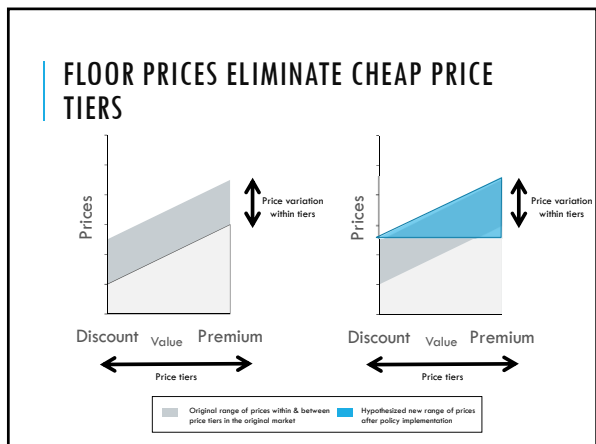
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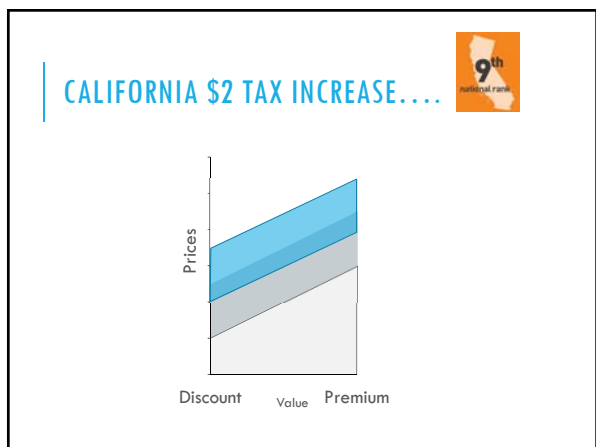
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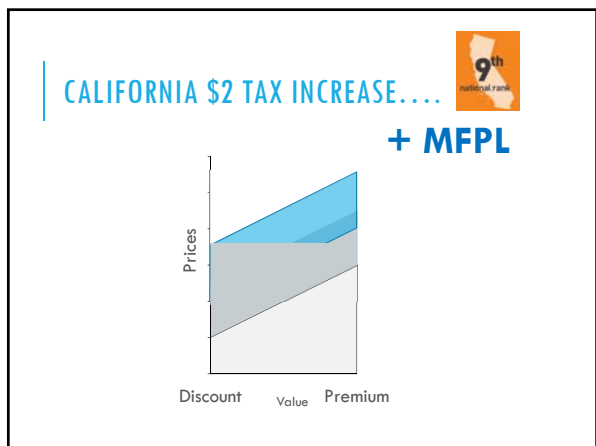
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Outcomes	Tax	MFPL	Tax + MFPL
Prevent youth initiation	X	X	X
Raises \$\$ for gov't	X		X
May reduce disparities	X	X	X
No retailer/industry profit	X		X
Guard against discounts		X	X
Focus on cheapest cigs		X	X

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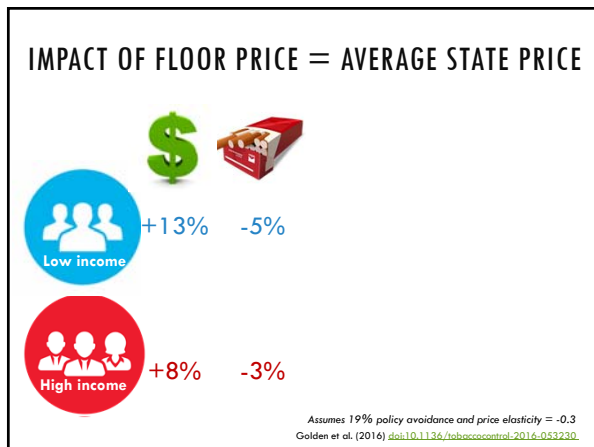
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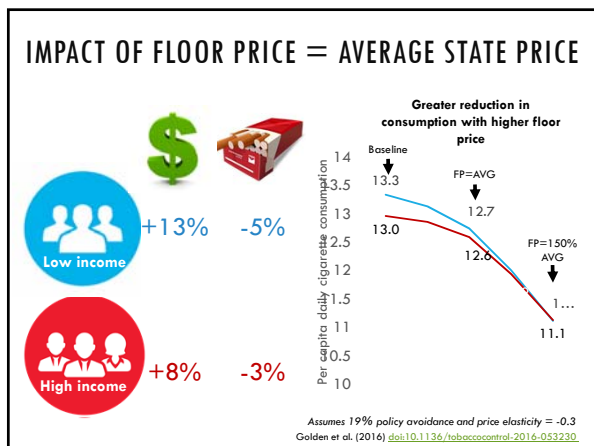
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## PROJECT GOALS



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

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## 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?



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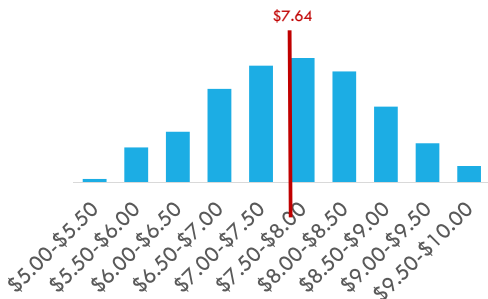
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## STEP 2: CHOOSE FLOOR PRICE OPTIONS



Distribution of initial prices in one simulated CA population

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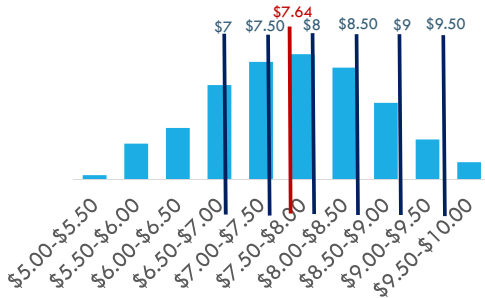
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### STEP 2: CHOOSE FLOOR PRICE OPTIONS



Distribution of initial prices in one simulated CA population

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### 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

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Statewide Model

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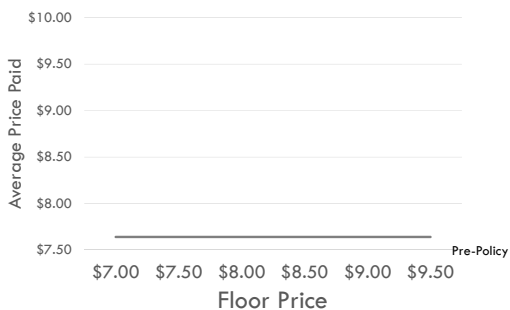
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**Predicted changes in: Cigarette prices (statewide)**



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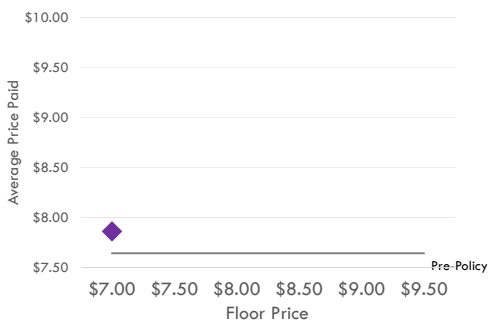
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**Predicted changes in: Cigarette prices (statewide)**



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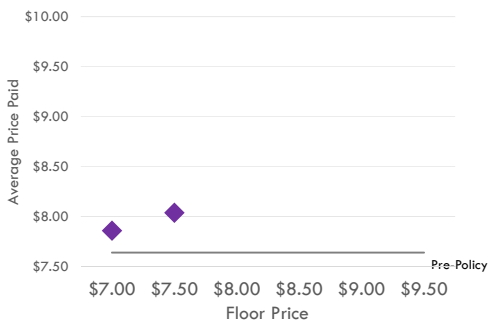
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**Predicted changes in: Cigarette prices (statewide)**



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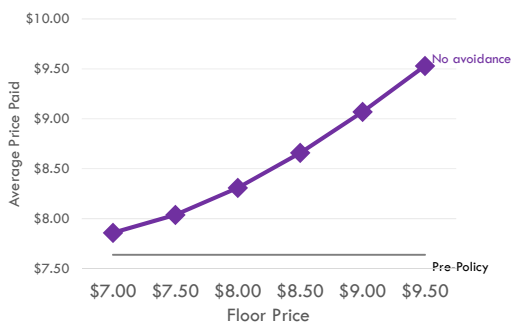
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**Predicted changes in: Cigarette prices (statewide)**




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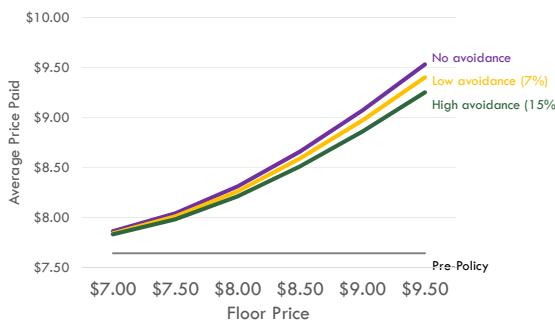
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**Predicted changes in: Cigarette prices (statewide)**




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**Predicted changes in: State smoking prevalence**




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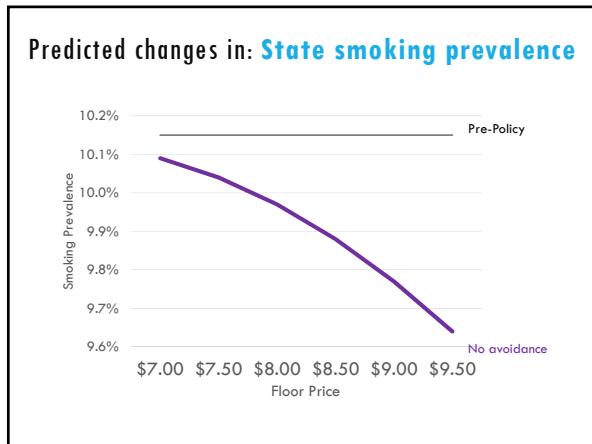
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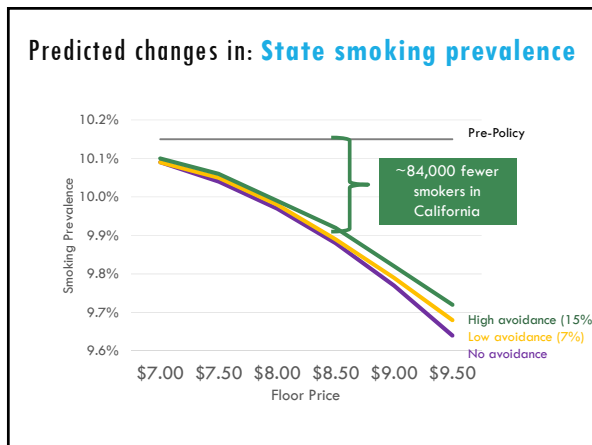
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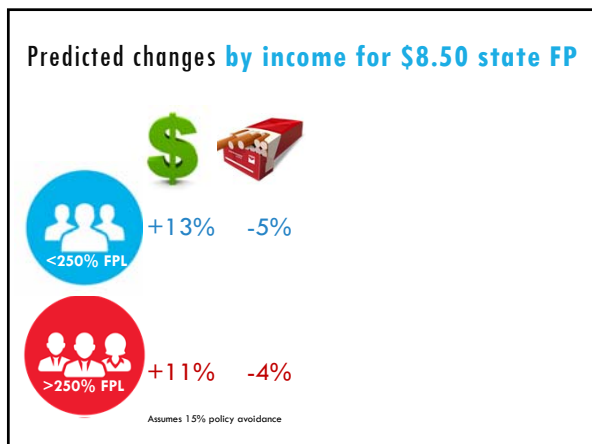
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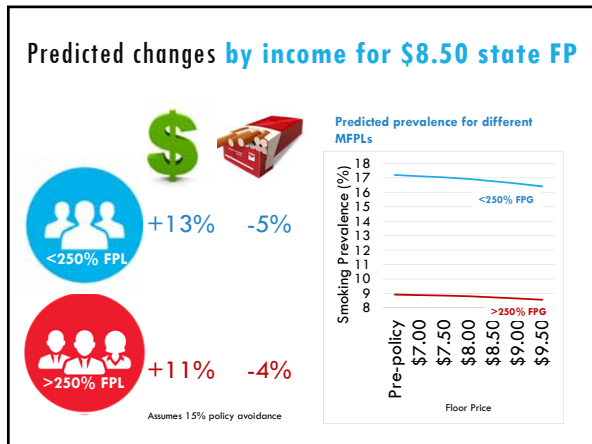
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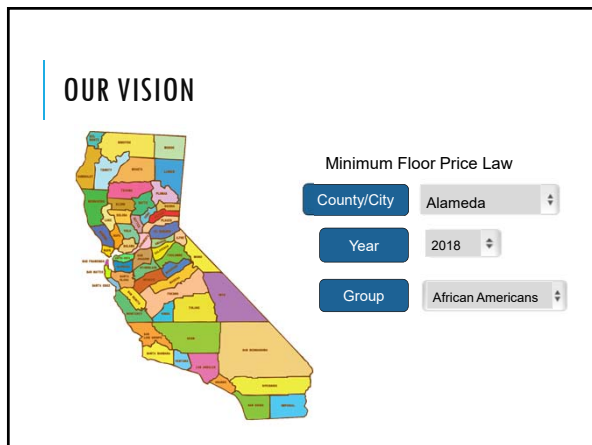
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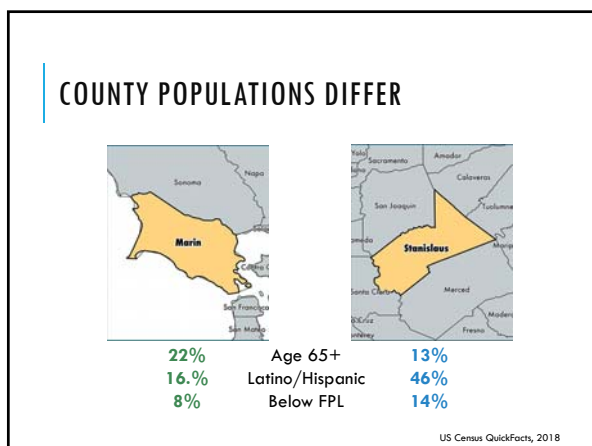
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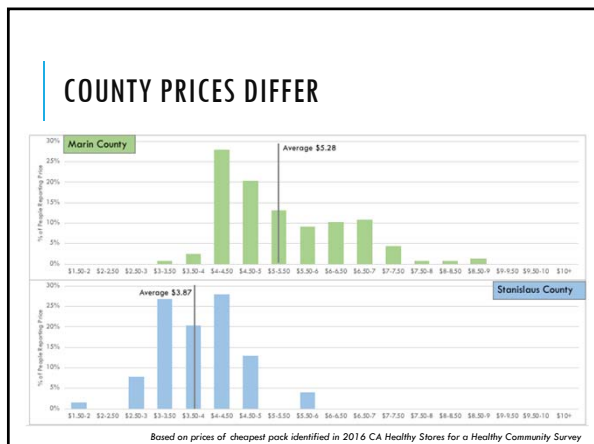
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### USER INTERFACE

Lauren Groves	Scott Kelley
April Roeseler	Elizabeth Andersen-Rodgers
Xueying Zhang	Liz Hendrix
Tonia Hagaman	
Jenny Wong	

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### LIMITATIONS AND POSSIBLE EXTENSIONS

1. Model applies only to cigarettes – what about little cigars or other products

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### LIMITATIONS AND POSSIBLE EXTENSIONS

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



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### LIMITATIONS AND POSSIBLE EXTENSIONS

3. Model projects short-term behavior changes



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### LIMITATIONS AND POSSIBLE EXTENSIONS

4. Model applies only to California



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## SPECIAL THANKS TO

KyungSu Kim  
Amanda Kong  
Vivian Tao  
Kurt Ribisl



Derek Carr  
Pratima Musburger



Queries: [sgolden@email.unc.edu](mailto:sgolden@email.unc.edu)

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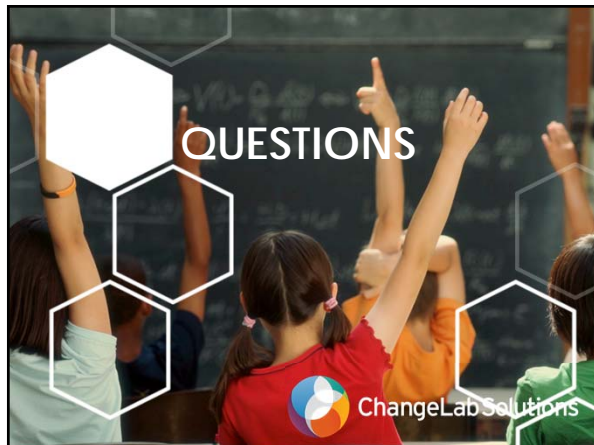
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