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February 15, 2013

The Honorable Rick Snyder
Governor of Michigan
Post Office Box 30013
Lansing, Michigan 48909

Dear Governor Snyder:

We enthusiastically support your inclusion of avoidance of all tobacco use and exposure in the Michigan Health and Wellness 4 x 4 Plan. As your plan acknowledges, tobacco use is the leading cause of premature and preventable death in the United States, and nearly 15,000 Michigan residents die every year from tobacco-related disease. Policies and programs that reduce the number of young people who begin using tobacco and prompt current tobacco users to quit are an essential component of any plan to improve the health of Michigan residents and communities.

For the reasons highlighted below, any robust plan to ameliorate the deadly impact of the tobacco epidemic in Michigan must include tobacco tax increases and sufficient funding for tobacco prevention and cessation programs. Michigan's current tobacco tax levels have not changed since 2004, resulting in lost revenues, more youth initiation, and higher adult smoking prevalence. Increasing tobacco taxes is popular, even among smokers when a portion of the new revenues goes toward combating youth smoking, and is the single most effective method for decreasing tobacco use rates.

In addition to the negative health impacts of tobacco use and secondhand smoke exposure, Michigan spends \$3.4 billion on tobacco-related health care costs each year, including \$1.13 billion in Medicaid expenditures,¹ which is approximately 10 percent of the \$11.7 billion total Medicaid expenditures². In addition, tobacco use costs Michigan \$3.9 billion in lost productivity annually. Implementing evidence-based public health policies and programs results in direct savings to Medicaid, state government, private insurers, businesses, and individual residents, and leads to increased state revenue, which strengthens the Michigan economy.

To reduce the tobacco use rate in Michigan, we request that you include the following objective in your Michigan Health and Wellness 4 x 4 Plan specific to the tobacco use goal area:

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By December 31, 2013, strengthen Michigan's tobacco pricing strategy by increasing the state tobacco tax on cigarettes from the current \$2.00 per pack to \$3.00 per pack, while simultaneously increasing the state tax on other tobacco products (OTPs) to parity with the \$3.00 per pack rate, and dedicate \$50 million of the proceeds to science-based tobacco prevention and cessation programs. Tax parity on all tobacco products – not just cigarettes, eliminates a price-based shift in use toward OTPs; the current tax rate disparity threatens to significantly impede the state's public health efforts. Any policy objective that increases tobacco taxes must also dedicate a portion of the increased revenue generated, approximately \$50 million annually, which is the estimated new annual revenue from the OTP portion of the tax increase, to evidence-based tobacco prevention programming which will strengthen ongoing efforts to reduce tobacco use. The conservatively estimated \$200 million in additional annual tobacco tax revenue from the cigarette portion of the tax increase would be available to address other state budget deficits or concerns. The Centers for Disease Control and Prevention recommend that Michigan spend \$121.1 million per year on tobacco prevention programming. Michigan currently spends only \$1.8 million per year – the lowest allocation since 1995. See attached chart that shows both state and federal funding for Michigan per year since 1995.

The value associated with increasing tobacco taxes and funding comprehensive programs is significant. Implementing this evidence-based objective will have a lasting positive impact on decreasing youth tobacco initiation, result in significant health and economic savings and provide much needed revenue for the state, and will leave an exceptional health legacy from your leadership to the people of the state of Michigan. Specifically it will:

- Increase the state's tax revenues, through both a substantial increase in tobacco tax revenue and an increase in income tax revenue
- Decrease the adult smoking rate and the youth smoking rate
- Improve the health of the citizens of Michigan, especially that of the state's most economically-deprived and vulnerable populations
- Reduce Medicaid's substantial expenditures on smoking-related health care
- Increase the productivity of Michigan's workforce
- Decrease the number of children and adolescents who will begin to smoke, thereby reducing the future burden of smoking on the state
- Increase jobs by increasing the number of local health departments and community-based agencies funded by the Michigan Department of Community Health Tobacco Program to implement comprehensive tobacco prevention programming at the local level

For an analysis of the economic impact of the amended tobacco pricing strategy described above see the attached white paper, *The Economic Impact of Raising the State Tax on Cigarettes and Other Tobacco Products in Michigan*, by Kenneth E. Warner, Ph.D., Avedis Donabedian Distinguished University Professor of Public Health, University of Michigan, January 26, 2012.

While there are a number of proven, science-based strategies for mitigating this terrible epidemic, raising tobacco excise taxes and dedicating a portion of the additional annual tobacco tax revenue to a comprehensive tobacco prevention and cessation program, is the single most effective means by which Michigan can accomplish these high-priority public health objectives and do so quickly, thereby accelerating outcomes for the Tobacco Goal in your Michigan Health and Wellness 4 x 4 Plan.

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We look forward to your reply, and would welcome the opportunity to discuss this with you and your staff personally.

Very truly yours,



Shelly Kiser
Director of Advocacy
American Lung Association in Michigan

Endorsers:

Capital Area Health Alliance
Detroit-Wayne County Tobacco-Free Coalition
Ingham County Health Department
Michigan Academy of Family Physicians
Michigan Association for Local Public Health
Michigan Chapter of the American Academy of Pediatrics
Michigan Council for Maternal and Child Health
Michigan League for Public Policy
Michigan Osteopathic Association
Michigan Primary Care Association
Tobacco-Free Michigan
The Campaign for Tobacco-Free Kids
The Center for Social Gerontology's Smoke-Free Environments Law Project
Wayne County Medical Society

¹ Campaign for Tobacco-Free Kids. *State Tobacco-Related Costs and Revenues*. January 9, 2012. Available at: <http://www.tobaccofreekids.org/research/factsheets/pdf/0178.pdf>.

²The Kaiser Family Foundation statehealthfacts.org. *Michigan: Total Medicaid Spending, FY2010*. Data Source: Urban Institute estimates based on data from CMS (Form 64) (as of 12/21/11). Available at: <http://www.statehealthfacts.org/profileind.jsp?cmprgn=1&cat=4&rgn=24&ind=177&sub=47>.