

# Health and taxes: Selective excise taxes as a public health tool

Exploring Tax Policy to Advance  
Population Health, Health Equity,  
and Economic Prosperity  
National Academies of Science,  
Engineering, and Medicine

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*Presented by*  
**Aysha Pamukcu, JD**  
Senior Staff Attorney

**ChangeLab Solutions**



# AGENDA

1. What are “sin taxes”?
2. How can taxes be a public health tool?
3. Who is using this strategy? Who benefits?
4. What are unintended consequences?
5. The future of selective excise taxes



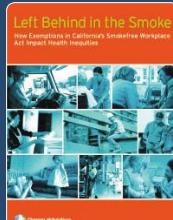
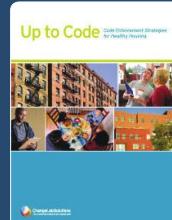
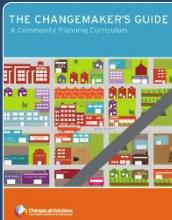
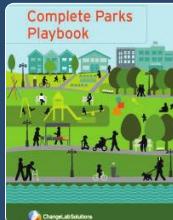
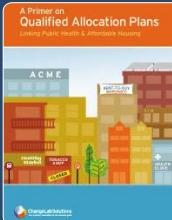
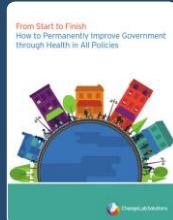


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## Tools for Change

### A Resource Catalog for Community Health



ChangeLab Solutions  
Law & policy innovation for the common good.



**“Sin” and taxes**  
Selectively taxing  
certain commodities

# Sin taxes = selective excise taxes



## **Tax**

*Targeted consumption taxes (eg, tobacco, alcohol)*

## **“Sin”**

*Immoral, undesirable, or harmful (stigmatizing language)*



How can taxes be a  
public health tool?

# Why would public health be interested in taxation?



Addresses health  
inequities



Builds on other  
public health  
strategies



Can produce funding  
for community health  
priorities

# Examples of taxes that can be used as a public health tool

| Substances       | Nutrition   | Other goods & activities |
|------------------|---|--------------------------|
| Tobacco products | Sugary drinks                                       | Gasoline                 |
| Alcohol          | Junk food   | Gambling                 |
| Cannabis         | Specific ingredients (eg, high-fructose corn syrup) | Pollution                |

# Alcohol Taxes: An Evidence-Based Strategy

Federal, state, or local government enacts taxes on beer, wine, or distilled spirits

As price increases, alcohol consumption is reduced

Increased alcohol taxes improve public health & save lives



## Considerations in Implementing Alcohol Taxes as a Public Health Strategy



Alcohol excise taxes fall every year — in effect, a tax cut because the taxes don't keep up with inflation



Average cost of alcoholic beverages is low relative to other consumer goods



Costs to society and government of excessive alcohol use far outweigh current tax revenues



Strong public support, particularly if tax revenue is earmarked for social programs



Reduced rates of excessive alcohol consumption (including binge and underage drinking)



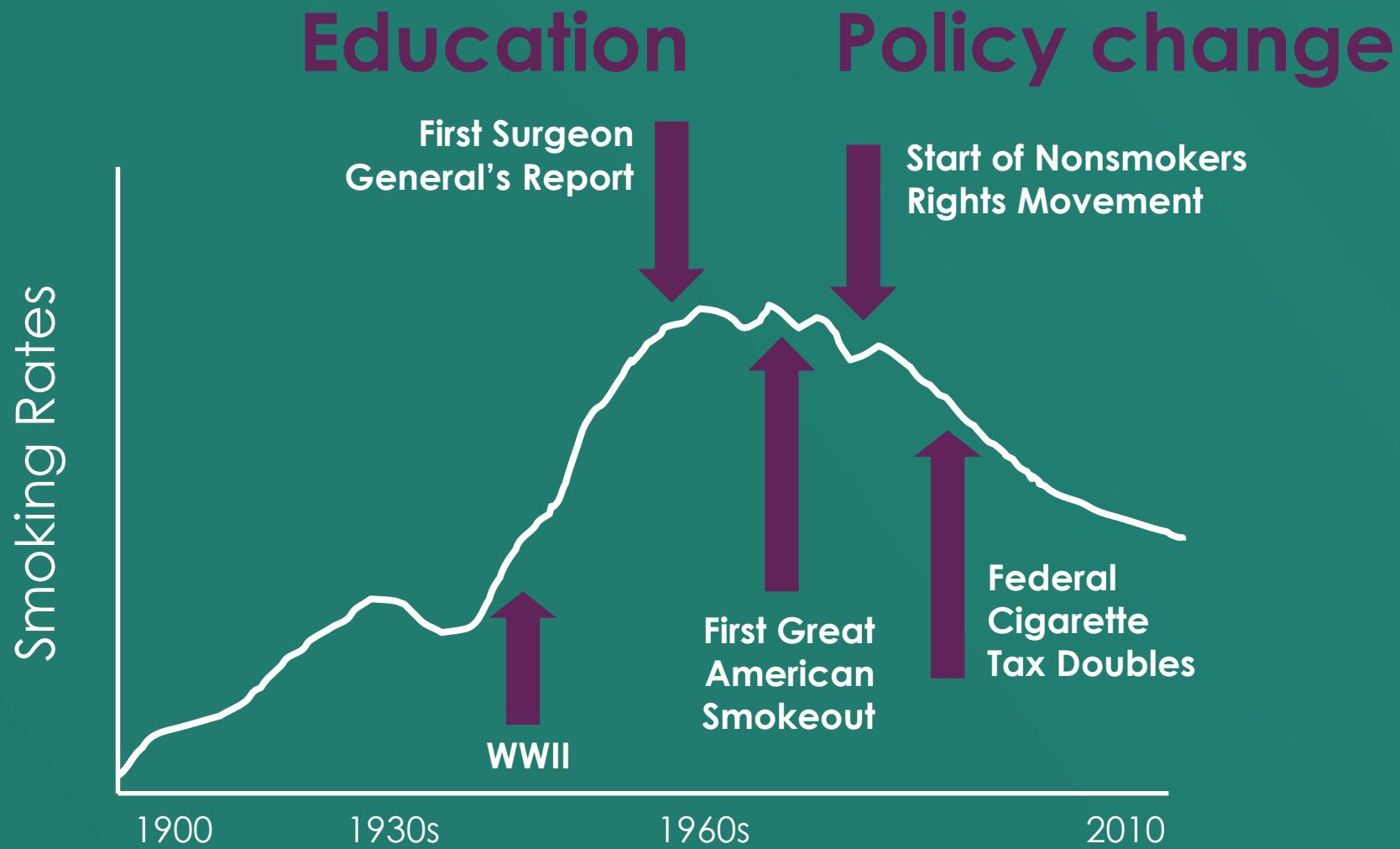
Fewer motor vehicle crashes



Lower rates of crime and violence



Reduced rates of sexually-transmitted infections



**Public policy  
drove the decline of tobacco use**



## California 1989-2008



**25% fewer tobacco-related diseases (compared to the rest of the nation)**



**6.79 billion fewer packs**



**\$134 billion saved**

# Equity spotlight on tobacco



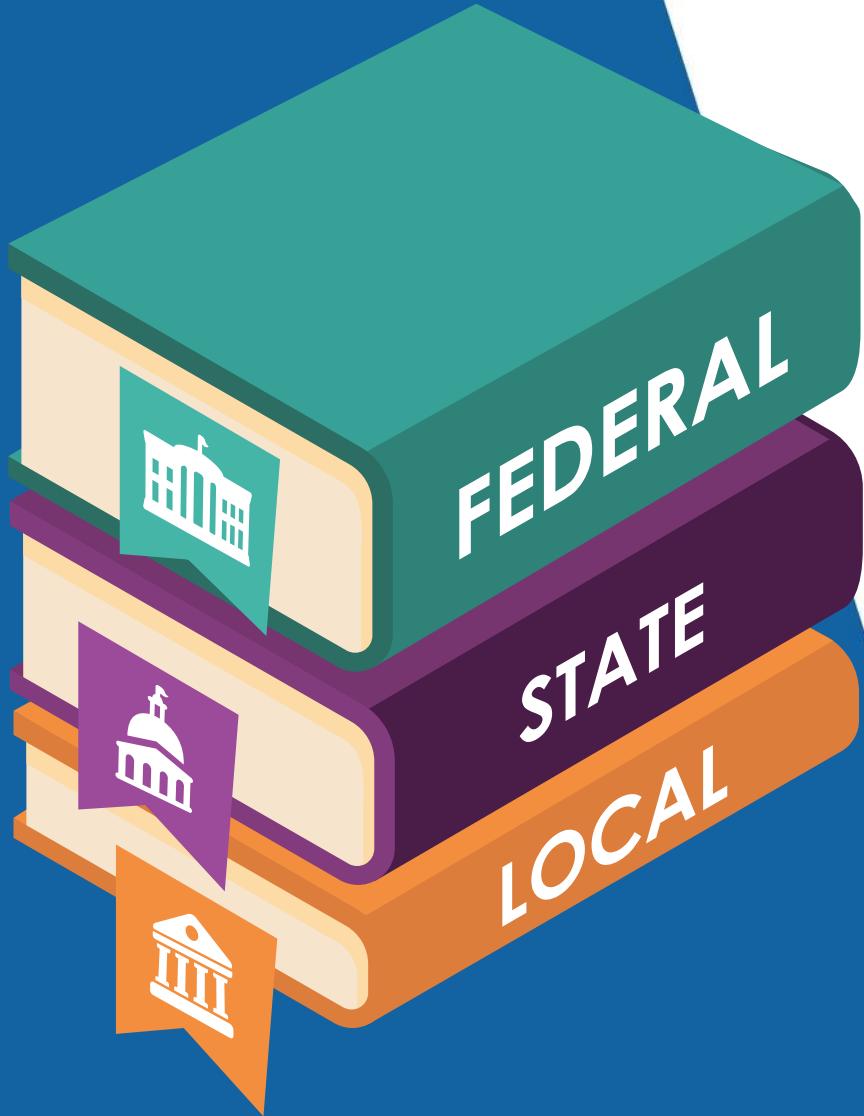
Overall  
decrease in  
smoking rates

Persistent  
racial  
disparities

Entering the next  
generation of  
tobacco control



Who is using this tool  
and how?

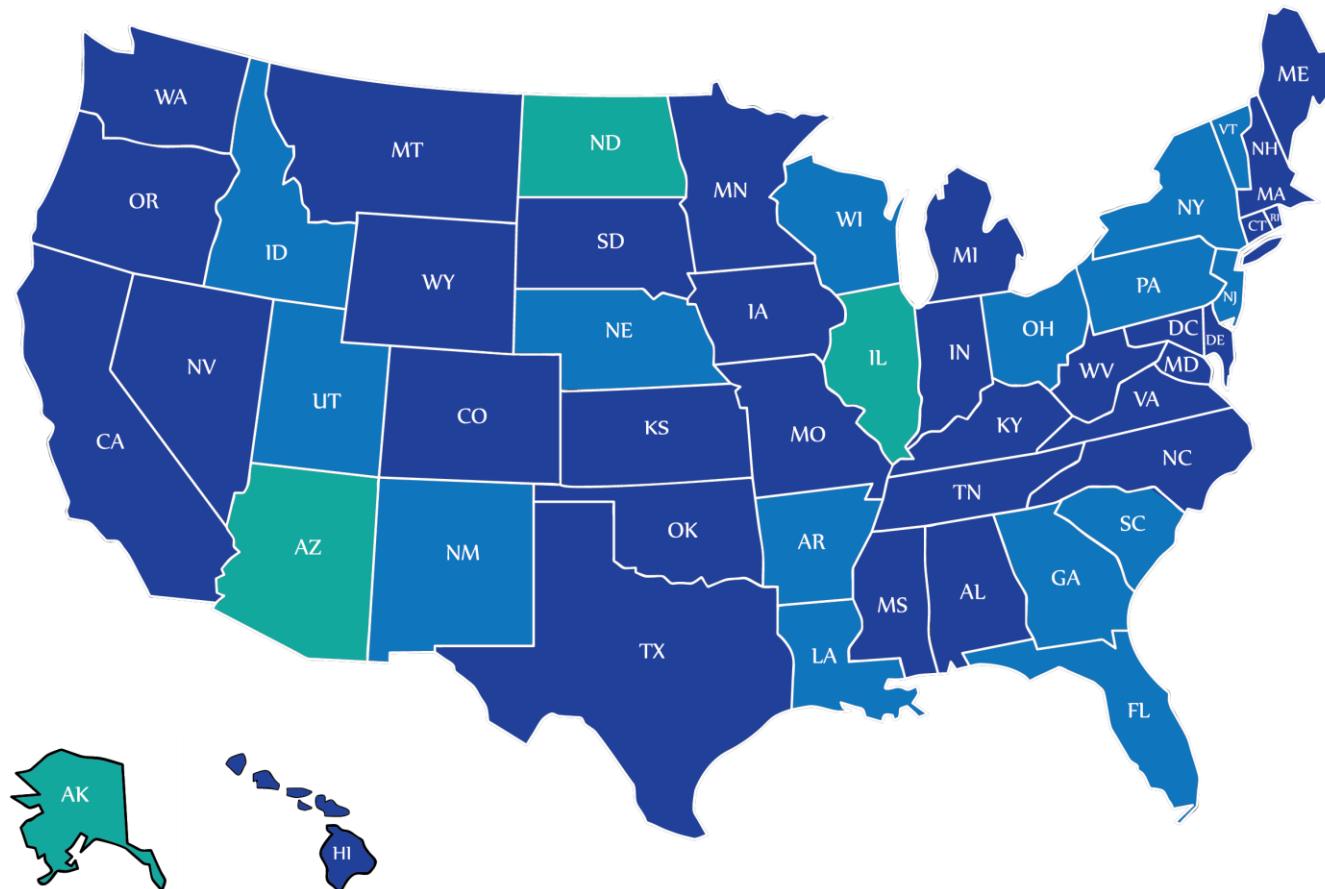


## What is preemption?

When the law of a higher level of government trumps the law of a lower level of government

# Spotlight on alcohol

Local Tax Authority, January 2015



Local tax authority with no major restrictions

Local tax authority with one or more major restrictions

No local tax authority (state preemption)



# Who benefits, and how?

## Applying health equity principles

# Health equity and selective excise taxes



Community partnership  
and education

Decreasing unhealthy  
influences and increasing  
healthy ones in a community

Earmarking and  
equitable use of tax  
revenues

Not stigmatizing  
individuals or groups



# Unintended consequences

Checking blind spots  
when using selective  
excise taxes

# Exploring unintended consequences



**Regressivity of tax vs  
chronic disease**

**Dependency on commodity  
for revenue**

**Undesired consumer  
adaptation (eg,  
commodity switching)**

**Not pairing taxes with  
additional public  
health strategies**

# Looking ahead

What's the future of  
selective excise taxes  
as a public health  
strategy?



# Thank you!



**Aysha Pamukcu**

[apamukcu@changelabsolutions.org](mailto:apamukcu@changelabsolutions.org)

[changelabsolutions.org](http://changelabsolutions.org)

Twitter @ChangeLabWorks

Facebook @ChangeLabSolutions