Minnesota Increases Tobacco Taxes to Reduce Smoking

Minnesota Department of Health and Raise It for Health Coalition collaborate to prevent tobacco use

Prior to 2013, Minnesota had not increased state tobacco taxes for many years, and its $1.23 cigarette tax was lower than that of many other states. The state’s smoking prevention efforts had focused mainly on education rather than policy change. Minnesota’s Raise It for Health Coalition, launched in 2011, brought together partners from across the state to launch a media campaign and build support for increasing the state’s cigarette taxes. State Commissioner of Health Edward Ehlinger, MD, MSPH, was an advocate within the Minnesota Department of Health (MDH) for increasing tobacco product prices to reduce smoking rates. With media efforts from the coalition and strong state leadership support from Ehlinger, the Minnesota state legislature adopted a $1.60 increase in taxes for cigarettes in 2013.

Steps Taken:

- In 2011, ClearWay Minnesota and BlueCross BlueShield of Minnesota’s Center for Prevention co-chaired the formation of Minnesota’s Raise It for Health Coalition, a partnership of more than 30 state health and nonprofit organizations aimed at reducing tobacco use. The State of Minnesota and Blue Cross Blue Shield of Minnesota were parties to Minnesota’s state tobacco lawsuit, which created Clear Way Minnesota. ClearWay is the state foundation set up by Minnesota tobacco settlement funds. Coalition members included organizations like the American Heart Association, American Lung Association, American Cancer Society, Minnesota Medical Association, local healthcare societies, and insurers. MDH also attended coalition meetings to remain informed about the coalition’s progress.

- After the 2013 election resulted in leadership turnover in several key legislative committees, the coalition identified potential champions for a tobacco tax increase. Along with Ehlinger from MDH, state Rep. Ann Lenczewski, chair of the Minnesota House of Representatives Taxes Committee, was identified as a potential supporter on the legislative side. Lenczewski worked closely with the coalition on goals and language for the House bill to increase the state’s tobacco tax.

- Prior to the legislative session, ClearWay and BlueCross BlueShield of Minnesota conducted a public opinion poll and used the results to test pro-tobacco-tax messages and launch a campaign that would resonate with the public.

- During the legislative session, MDH worked with Gov. Mark Dayton’s office to encourage him to speak on behalf of the tax initiative, and Ehlinger wrote op-eds and did radio interviews that were aired across the state. MDH staff provided the talking points for Ehlinger about the public health impact of smoking and the efficacy of tax increases in reducing smoking rates. Ehlinger also helped move the state policy change forward by providing testimony to the state legislature.

- The coalition focused on the message of raising the tax for health benefits, rather than taking a position on how the increased tax revenues should be spent.

• The Minnesota state legislature passed a $1.60 per pack tax increase for cigarettes and increased taxes on other tobacco products, including e-cigarettes.

• Early figures show that tobacco stamp sales declined more than 35 percent in the year since the increase took effect.
BlueCross BlueShield of Minnesota and ClearWay both provided funding for media and polling, the most significant costs of the initiative. Other coalition partners provided in-kind services, such as lobbyists and communications staff time to support the initiative and a Day at the Capitol event.

The coalition tapped into national-level partners in addition to state and local resources. The Public Health Law Center helped draft tobacco policy language, and the Tobacco Control Legal Consortium researched existing statutes and helped draft the proposed policy to make the language and definitions as comprehensive as possible. The coalition also collaborated with Campaign for Tobacco-Free Kids for additional support.

To address health equity issues, the coalition involved ClearWay’s Leadership and Advocacy Institute to Advance Minnesota’s Parity for Priority Populations, a fellowship program focused on building community-organizing skills among minority and LGBT populations. Alumni from this program served as policy champions by signing on to a letter to Gov. Dayton about tobacco disparities and the significant public health implications of tobacco use among priority populations.

Results:

Minnesota passed a Tobacco Modernization and Compliance Act in 2010 in which the state definitions of tobacco products were updated to include “any products containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means.” This included e-cigarettes as a tobacco product under state statute. The state also inserted provisions in the act that restricted e-cigarette sales to minors. For purposes of consistency, e-cigarettes were included in the 2013 tax increase as a tobacco product without resistance.

A set of key messages developed by the coalition provided information about the projected return on investment from the implementation of $1.60 per-pack cigarette tax increase.

The coalition aimed for a $1.50 increase for the tobacco tax, and Dayton included a $0.94 increase in his budget proposal for the year. The inclusion of a tax increase in the governor’s budget gave MDH a platform to publicly support the initiative.

The state Senate supported the $0.94 increase, and the House proposed a $1.60 increase. The state legislature passed the tobacco tax bill in May 2013, and Dayton signed the $1.60 cigarette tax increase into law, which took effect on July 1, 2013.

The increase raised the total stateexcise tax per pack of cigarettes in Minnesota to $2.83. For e-cigarettes and other tobacco products, the tax increased from 70 percent to 95 percent of the wholesale cost of the product.

After the tax went into effect, MDH met with the Department of Revenue to discuss implementation. Continuing issues reported by field auditors include inconsistently labeled e-cigarette liquids sold by retailers, pushback from retailers about whether their products were derived from tobacco, and product and ingredient information sheets not provided in English.

Early figures from the Minnesota Department of Revenue show cigarette stamp sales were down more than 35 percent in July 2013 compared to July 2012.1

In response to resistance from e-cigarette retailers, Minnesota Department of Revenue issued a statement to clarify to retailers that e-cigarettes would be subject to the tobacco products tax. The coalition remains intact and is currently continuing to defend the tax and working on proposed legislation related to e-cigarettes.

**Lessons Learned:**

- A high level of trust within the coalition helped the group make difficult decisions. With so many partners involved, there were some competing interests within the group, and extensive conversations were necessary to decide what tax package and dollar amount to recommend for the proposed tax increase.
- Framing the tobacco tax increase as a public health imperative rather than simply a revenue issue was helpful in getting support from leaders and the public. Communications talking points reiterated that raising prices was one of the most effective things that state public health can do to reduce smoking rates.
- ClearWay and BlueCross BlueShield of Minnesota brought in strong contract lobbyists and public relations/communications expertise. This was key, because these partners possessed a high level of political savvy and knowledge of the state political environment, which was a benefit in helping get the legislation passed.
- The increase of $1.60 more than doubled the Minnesota cigarette tax, from $1.23 to $2.83 per pack. Such an increase was only possible because of strong support from champions in state leadership. For MDH, getting the tobacco tax increase on Gov. Dayton’s agenda was important so MDH as a state agency could play a role in the initiative.
- Timing is key. A supportive administration in the state health agency was instrumental in moving the initiative forward. Having Ehlinger’s support as the highest health authority in the state was influential in ultimately getting the governor’s support, and Gov. Dayton and Rep. Lenczewski both fought for the increase.
- Clear legislative definitions are important. The Minnesota Department of Revenue applied the 2010 definitions of other tobacco products, which included e-cigarettes, to the new 2013 tax law. The clarity of the previous legislation made it possible to include e-cigarettes easily in the updated tax law.