

Estimating the impact of tobacco parity and harm reduction tax proposals using the Experimental Tobacco Marketplace

Freitas Lemos, R., Keith, D.R., Tegge, A.N., Stein, J.S., Cummings, K.M., & Bickel, W.K.

Abstract

Taxes are a demonstrably effective method to suppress tobacco use. This study examined the effects of the tobacco parity (i.e., imposing taxes equally on all tobacco products) and the harm reduction (i.e., applying taxes in proportion to the products' levels of harm) tax proposals on demand and substitution across products. A crowdsourced sample of cigarette smokers ($n = 35$) completed purchasing trials with increasing tax magnitudes across different tax tiers in the Experimental Tobacco Marketplace in a repeated-measures design. Products were placed in three tax tiers (high, medium, and no tax) according to each proposal's goal. The results indicated that total nicotine (mg) purchased was not significantly different between the proposals, with higher taxes yielding lower demand. However, as taxes increased, the tobacco parity proposal decreased the purchasing of all tobacco products and increased the purchasing of medicinal nicotine (i.e., the no tax tier). Conversely, the harm reduction proposal resulted in greater purchases of electronic nicotine delivery systems and smokeless tobacco (i.e., the medium tax tier). These findings support tobacco taxation as a robust tool for suppressing purchasing and suggest that differential taxation in proportion to product risk would be an effective way to incentivize smokers to switch from smoked to unsmoked products. Further studies should investigate the unintended consequences of their implementation.

Recommended Citation

Freitas Lemos, R., Keith, D.R., Tegge, A.N., Stein, J.S., Cummings, K.M., Bickel, W.K. (2021). Estimating the impact of tobacco parity and harm reduction tax proposals using the Experimental Tobacco Marketplace. *International Journal of Environmental Research and Public Health*, 18(15), 7835.

Link To PDF: <https://www.mdpi.com/1660-4601/18/15/7835/htm>