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SPEAKER KRISTENSEN: Senator Landis.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. Let me work on some supporting data, and then I'll get to some of the arguments that I've heard so far today. In 1981, the National Bureau of Economic Research published papers that linked some econometric models, not sales alone, but econometric models on incidence and use by age. It said that if prices were 10 percent higher, the incidence among 12 to 17-year-olds would be 11.9 percent lower, that's about 12 percent. In other words, if prices were 10 percent higher, usage by male and females 12 to 17 would be 12 percent lower. Now recently Oregon, in fact, raised their tobacco tax by 30 cents. And the 30 cents increase in price, which was done very recently, had an immediate impact on sales. Now the difficulty of the sales data is that we don't know enough about it to tell where and who this is, but there the 30 cents tax, which is the same one in the amendment, had about an 11.3 percent decrease in per capita sales of cigarettes. Because it only took...it's only been two years, we're not sure exactly what part of that is youth and what part of that is adults. But, in fact, the econometric models will tell us what that is, and I'll go into some greater detail. What was true was prices went up, consumption went down. Prices went up, consumption went down. That's what I'm saying here. We did the same thing in Alaska. There they had a large increase in taxes, it went from 29 cents to \$1 per pack. And there the reduction was 17 percent of total consumption. Again, because it's so recent, it's hard to tell what the effect is as far as adults, and what the effect is as far as kids are concerned. So let's take a look at some of the other supporting data. In 1996, in a model by Chaluka (phonetic) and Grossman (phonetic), published in the National Academy of Sciences, confirmed the findings from earlier studies that youth are about three times more sensitive to price than adult smokers are, three times more sensitive. So, if there was a 17 percent drop in consumption in Alaska, and Chaluka (phonetic) is right, that kids are three times more sensitive, a good deal of that drop in consumption came from kids. They estimate an overall price elasticity of negative 1.313. Their estimates imply that a 10 percent increase in the price of cigarettes would reduce overall youth cigarette smoking