

*California's Proposition 86: A Review of
Voting Patterns and Broader Issues*

By Norman E. Kjono

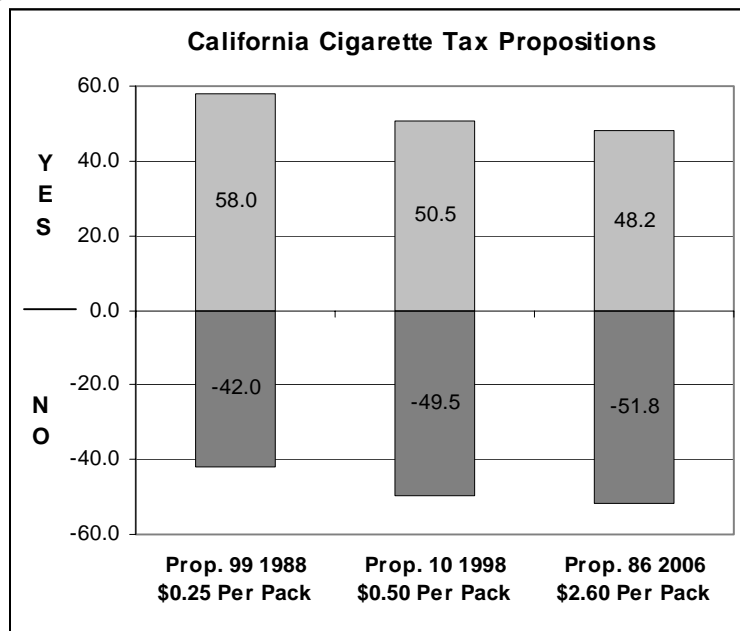
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California Tobacco Tax Historical Voting Patterns



Source: Field Research Corporation: An Analysis of Pre-election Field Polls Regarding Proposition 86 (http://www.healthvote.org/uploads/pdf/field_nov06.pdf)

California's Proposition 86, a ballot measure to increase the tax on cigarettes by \$2.60 per pack (\$26.00 per carton), appeared on the November 7, 2006 general election ballot. California statutory requirements would have increased taxes on Other Tobacco Products (OTP) by like amount. The measure failed, with 48.2 percent of voters approving and 51.8 percent disapproving.

Viewed in light of two previous California cigarette tax ballot measures, the defeat of Proposition 86 presents an emerging trend of diminishing voter support for higher cigarette taxes in particular and tobacco control advocacy in general. As illustrated above, 1988's Proposition 99 passed with a 16 point spread, Proposition 10 was narrowly approved by 1 percent in 1998, and Proposition 86 failed with an increasing 3.6 point difference between "Yes" and "No" voters.

Much has been written about why Proposition 86 failed. The reasons cited include low voter turnout, heavy opposition advertising by tobacco companies, and shifting support among traditional voters such ballot measures. Each of the preceding views have merit and they do identify circumstances unique to both Proposition 86 and the November 2006 general election.

It is apparent, however, that there may be deeper, more fundamental, influencing forces at work. Those fundamentals go to the core of personal beliefs. As reported in survey responses for Proposition 86, factors that influ-

ence voter choices include distrust of governing institutions and ballot measure sponsors to assure that new funding is applied as represented by proponents. It is also apparent that voters incorporate new information concerning the nature and purposes of tobacco control advocacy in their decisions. The underlying forces present deeper long-term implications than issues concerning one ballot measure or a specific election.

The purpose of this work is to examine fundamental underlying forces that appear to influence the degree to which voters approve of specific cigarette taxes and to address the broader issue of public support for tobacco control advocacy.

Because this work focuses on Proposition 86 some data from a report by Field Research Corporation prepared for California Health Care Foundation, "[An Analysis of Pre-election Field Polls Regarding Proposition 86, the Tax on Cigarettes Initiative](#)," is used. Needless to say, interpretations of that data or inferences drawn in this report are those of this author and should not be attributed to *Field Polls* or Field Research Corporation.

We begin this review with a summary of reasons why then-prospective voters said they would support or oppose Proposition 86 in the forthcoming November 7, 2006 election. The reasons for "Yes" and "No" votes were recorded by Field Research Corporation during a survey conducted in late October 2006.

		YES (Election Result = 48.2%)			NO (Election Result = 51.8%)		
Core Intolerant	32%	Against smoking, smoking kills, causes cancer	1	Tax too high/unfair to smokers, low income	32%	Committed Opponent	
	30%	Tax will discourage smoking/smokers won't buy as much, cut back	2	Money won't go to right places, where it is supposed to go	25%		
	12%	Smokers should pay more for increased health-related expenses caused by smoking	3	Oppose new taxes/another new tax	15%		
	11%	Good source of revenue/money would be put to good use	4	People have right to smoke/won't stop people from smoking	9%		
		Survey Percent Subtotal: 85.0% Survey Indicated Voters: 40.9%			Survey Percent Subtotal: 81.0% Survey Indicated Voters: 41.9%		
Issue Votes	9%	Secondhand smoke kills, endangers others	5	Special interests, hospitals backing it for their own benefit	6%	Issue Votes	
	9%	Will discourage young people from smoking	6	Only small portion goes to helping smokers quit.	6%		
	9%	Higher taxes won't affect me.	7	-- NONE --	--		
		Survey Percent Subtotal: 27.0% Survey Indicated Voters: 13.0%			Survey Percent Subtotal: 12.0% Survey Indicated Voters: 6.2%		

Data Source: Field Research Corp., "An Analysis of Pre-election *Field Polls* Regarding Proposition 86, the Tax on Cigarettes Initiative," November 2006, (Pages 17 and 18) by Mark DiCamillo, Director, *The Field Poll*
(Note: Voter subgroup labeling and segment calculations were not part of *Field Poll* source data.)

Core Intolerants: These voters tend to be self-centered. Their stated reasons for voting "Yes" focus around mandating what others must do to accommodate their personal preference. The first two reasons (comprising 62% of responses) are a strong statement about personal disapproval of smoking. The second two reasons (23% of responses) amount to cost mandates for others. Based on *Field Poll* data, and assuming that the poll sample is representative of views among the general population, it appears that an estimated 40.9% of voters believe that personal disapproval of other's *lawful* conduct to consume *legal* products is an appropriate justification to employ "A tax for thee, but not for me" approach to public policy. Voters of this persuasion are, however, a clear minority, insufficient to pass a ballot measure based on their beliefs alone. Because the total of all reasons given above is 112 percent, it appears that some respondents gave more than one reason for voting yes.

Issue Voters: 27% of yes votes continue the theme of mandating to others. The first two reasons (18% of responses) are again centered on stopping others from doing what they disapprove of or feel threatened by. The last reason (9% of responses) is a definitive statement of approval for doing to others what they believe does not affect them, a tax "Free-Ride." Supporting the measure based on a belief that new cigarette taxes would not affect nonsmokers was and is incorrect. As will be shown in the following text, due to the tobacco control agenda nonsmokers who voted yes on Proposition 86 were, perhaps unwittingly, voting for their own tax increase.

Committed Opponents: Reported adult smoking prevalence in California is 14%. Yet an indicated 41.9% percent of voters focused on fairness, rights, opposition to new taxes and concern about how funds are used as reasons as to vote "No" on Proposition 86. One of the most important observations concerning voting patterns for this ballot measure emerges: were we to make the admittedly tenuous assumption that all persons who smoke (14% of total) voted no, the number of *nonsmokers* so voting (about 28%) *still outnumbers smokers by 2:1*. Assuming that the poll sample is representative of views among the general population, it appears that strong personal beliefs about fairness and rights among nonsmokers, as well as distrust of institutions materially influenced voting on Proposition 86. Such data strongly suggest that there is a significant segment of California voters able to see through orchestrated intolerance and vote the merits of an issue, rather than using the ballot to express personal disapproval of others. The reasons given for no votes express consideration for others and thoughtful concern about fiscal issues, two mature and healthy traits for adult voting populations.

Issue Voters: 12% of "No" respondents carried forward fiscal information specific to this ballot as the basis for their vote. Both reasons stated bear a central theme of concern about how revenue would be applied to the public good. A smaller number of respondents (12% vs. 27% for those voting yes) gave reasons beyond the top four core issues for their no vote than those who voted yes. Reasons given for no votes are therefore more focused.

In early November 2006 this author reviewed available polls concerning Proposition 86. The purpose of the analysis was to identify principal demographic groups contributing to declines in support for the ballot measure. A summary of that analysis (see page 14) was distributed via E-Mail to several organizations and individuals identified as opponents of that cigarette tax initiative. Three days before the general election that analysis indicated a loss for Proposition 86, with a 3 to 6 point vote spread (see asterisk for "Lose" under plausible scenarios listed.) On November 7, 2006 proposition 86 lost with a 3.6 point spread, 48.2% voting "Yes" and 51.8% voting "No."

November 2, 2006 the *Los Angeles Daily Journal* published an Op-Ed by this author under the title "Tobacco Tax Initiative Is a Costly Pro-business Hoax" (see page 15). The content of that work discloses voters who believed that Proposition 86 was a "good source of revenue/money would be put to good use," or "higher taxes won't affect me" were sadly mistaken. Proposition 86 would have virtually guaranteed a \$2 billion-plus tax increase for all California taxpayers, including nonsmokers. Once multi-billion-dollar health programs have been established under Proposition 86, where does the money to pay for those programs come from when the cigarette tax is reduced or eliminated? Proposition 86 therefore becomes a classic "bait and switch."

Legislative bills for the 110th Congress concerning regulation of tobacco by the U.S. Food and Drug Administration (FDA) are already in progress (see center). As will be explained, the bills would substantively reduce—perhaps eliminate—cigarette tax revenues on which costly programs funded by Proposition 86 are dependent. The same bills could negatively impact 1998 tobacco Master Settlement Agreement (MSA) payments to states, on which debt service for more than \$30 billion in state revenue bonds are dependent. Such bills are an exercise in extreme fiscal irresponsibility.

Demographic Swings and Polarization

What is interesting about *Field Poll* demographics is that the top four swings in voter support were among groups that traditionally support tobacco control programs and initiatives. The four groups with greatest changes from "Yes" to "No" votes for Proposition 86, as reported by *Field Poll* #2208 published in August to November's *Field Poll* # 2217, were:

Latino:	-27%
Female:	-27%
Neversmokers:	-23%
Democrats:	-20%

While there were issues related to the amount of the tax and use of proceeds cited as reasons for voting "No" it is

striking that the greatest erosion of support for Proposition 86 occurred in demographic groups that historically support such ballot measures. That phenomenon raises serious doubts as to whether increased voter turnout would have produced a win for Proposition 86. Indeed, if the momentum of change among traditional supporters carried through to election day increased voter turnout may have produced a greater loss.

Politicians are well-advised to consider the import of the California vote concerning tobacco issues. If one moves those who supported Proposition 86 based on a false belief that cigarette taxes are a good source of revenue or would not affect them, 20% of the "Yes" vote (9.6% of total votes) moves to the opposing column. Considering that about 6.5 million votes were cast for Proposition 86, that represents an opinion change by 600,000-plus voters.

Sen. Edward M. Kennedy, November 16, 2006
"Kennedy Announces HELP Committee
Priorities for 110th Congress"

"6) FDA Regulation of tobacco products. Smoking is the number one preventable cause of death in America. Empowering the Food and Drug Administration to regulate tobacco products is long overdue. Effective FDA regulation will help to deter young people from starting to smoke and to assist current smokers in quitting. Senator Kennedy authored FDA legislation to give the FDA this authority. It passed the Senate twice but was blocked by the House Republican leadership. Enacting this important public health legislation should be a top priority for the new Congress."

Field Poll data strongly suggest that the days of discriminatorily taxing persons who smoke as a "politically safe" strategy to increase government revenues are over. Senator Kennedy and his anti-tobacco colleagues might consider that a scant 53 percent of Democrats supported proposition 86 in the late October survey (published in early November as *Field Poll* #2217). Removing 20% of the yes votes based on false assumptions about cigarette tax revenues would put Democrat support for the ballot measure well under 50 percent.

One reasonably presumes voter ire would focus on Democrats because FDA regulation of tobacco bills are central to affecting the cigarette tax "bait and switch" at the expense of nonsmoking taxpayers. If the Democrat majority in Congress passes FDA regulation of tobacco during the 110th Congress the effects of causing state cigarette excise tax and MSA revenue shortfalls will be acutely felt by the 2008 general election. Democrats could set a well-deserved record for brevity in retaining control of both houses.

Field Poll data also present interesting polarizations. In general, older voters opposed Proposition 86 to a greater extent than younger voters and coastal areas supported the measure more than inland counties. Poll data report that 61% of voters age 18-39 supported Proposition 86, while 36% of voters 65 and older did so. Perhaps much of that age polarization is due to the influence of tobacco control programs in schools to "denormalize" smoking beginning in the early 1990s. 61% of coastal county voters supported Proposition 86 and merely 39% of inland county voters voted yes. Does that data explain why tobacco control advocates promote smoking bans on beaches?

Voting Conclusions Summary

In light of the preceding facts, a few important observations present themselves:

1. The November 7, 2006 general election results for Proposition 86 establish a pattern of diminishing support for tobacco taxes over now three ballot measures.

2. The reasons for voting “Yes” or “No” on Proposition 86 represent clearly polarized views of and beliefs about one’s fellow citizens and state fiscal responsibility.

3. Several reasons for “Yes” votes are based on false assumptions or facts about tobacco taxes and tobacco use.

4. As credible information concerning false assumptions or facts about tobacco reveals tobacco control’s “bait and switch” agenda, declines in voter support accelerate.

5. A reality about tobacco control presents itself for voters: its self-serving, opportunistic goals cannot be achieved without revealing the movement for what it is—a mercantile agenda that uses orchestrated intolerance to support predatory pricing.

6. Proposition 86 poll and voting data make it abundantly clear that the people do get it. Politicians who presume to tax and ban their “Target Group” of choice are increasingly vulnerable in the polls as the consequences of the agenda they support become apparent.

A Matter of Trust

As noted at center, a constitutional amendment to increase Missouri’s cigarette tax by 80 cents per pack also failed in November 2006. In addition to the cigarette tax increase, the amendment would have raised Other Tobacco Products (OTP) taxes from 10 percent of wholesale value to 20 percent. This important distinction will be discussed in a later section. Where cigarette taxes also result in increased OTP taxes, as in California and Missouri, tobacco companies oppose the measures. If OTP taxes are not increased along with cigarette taxes tobacco company opposition tends to diminish substantially.

Reasons for voting “No” on Proposition 86 in California and press reports about Missouri’s failed Amendment 3 focus on distrust of government and special-interests. Voters are beginning to understand that health special-interest can be, and concerning tobacco issues often are, deceptive and manipulative in efforts to advance hidden interests. Both state’s cigarette tax ballot measures were a grab for cash by hospitals and medical practitioners at the expense of a narrowly-defined “Target Group.” As discussed in the next section, voters have valid reasons to distrust special-interests.

Constituents and voters should explore a simple concept: if one believes that corporate tobacco nicotine distributors and their political supporters will lie to the public—as tobacco control has stridently claimed for decades—by what standard does one believe that corporate pharmaceutical nicotine distribu-

tors and their political supporters will not engage in similar behavior to sell their nicotine products, too? Why do some believe and trust those who sell nicotine gums, patches and lozenges, but hate and distrust those who sell tobacco nicotine? Stale, outdated Social Marketing themes promoted by tobacco control without change for fifteen years provide a clue.

Tobacco control advocates, such as Cindy Erickson, mentioned in the *Kansas City Star* excerpt at center page, who struggle to figure out what has gone wrong with tobacco tax advocacy should consider that *nothing went wrong in California or Missouri*. Perhaps voters have finally caught on to what tobacco control has been hiding for years.

Kansas City Star, November 8, 2006
“Trust Was Key on Tobacco”
Editorial Opinion

“In the end, voters rejection of Amendment 3, which would have raised Missouri’s cigarette tax by 80 cents a pack, may have come down to trust. In the end, voters apparently decided that state government was less trustworthy than tobacco companies. . . . Missourians rejected the amendment by a margin of 67,609 votes, or 51.7 percent in favor [of rejecting] to 48.3 percent against. The vote margin was more than twice as large as when Missourians defeated a proposed 55-cent cigarette tax in 2002. . . . Dave Dillon, a spokesman for the Missouri Hospital Association said pre-election polls indicated about 60 percent of Missourians supported raising tobacco taxes to to fund anti-smoking efforts and health care. Cindy Erickson, a spokeswoman for the Committee for a Healthy Future and past president of the American Lung Association of Missouri also said supporters were struggling to figure out what went wrong.” (Bracket, underlines added.)

Campaign for Tobacco-Free Kids
“Election 2006: Beating Big Tobacco at the Ballot Box”
Concerning Missouri’s Amendment 3

“WARNING: Tobacco giant RJ Reynolds has pledged to spend \$40 million this year to defeat the Missouri initiative and other state ballot initiatives to reduce tobacco use. The tobacco companies are well aware that voters strongly support cigarette tax increases and tobacco prevention programs because they reduce smoking, which takes a toll on Big Tobacco’s bottom line.”

A Three Phase Nicotine Plan

A hallmark of behavior that inspires trust is full, fair and honest disclosure. With tobacco control, however, discovering facts that advocates do not disclose—in fact, hide—is often far more important than listening to what they say.

Consider “Toward a Comprehensive Long Term Nicotine Policy,” published by the journal *Tobacco Control* in 2005 (see abstract on page 16). That research paper promotes a three step plan to eliminate cigarettes, replacing them with pharmaceutical nicotine products. As is clear from the abstract, regulation of tobacco by the U.S. Food and Drug Administration (FDA), *including mandated reduction in the nicotine content of cigarettes*, is central to accomplishing that objective. The excerpt at center of page 3 reveals some politicians believe legislation to enact such regulation is a very high priority for the 110th Congress.

The material revenue difference this plan imposes directly impacts state fiscal responsibility: cigarettes are highly taxed, but manufactures of Nicotine Replacement Therapy (NRT) products do not pay state ex-

cise taxes or make 1998 tobacco Master Settlement Agreement (MSA) payments to states. Should tobacco control accomplish its objectives as stated in that research paper state cigarette tax and MSA revenues will be virtually eliminated.

Fiscal Consequences of the Three Phase Plan

Voters in Arizona passed Proposition 203, which added 90 cents per pack in new cigarette taxes, and is projected to increase state revenues by \$150 million per year. That state’s smoking ban Proposition 201 adds another 2 cents per pack. The new tax proceeds are reportedly earmarked to fund pre-school and children’s health care programs.

North Dakota voters approved Measure 2, which increased cigarette taxes by \$1.00 per pack and is expected to raise about \$35 million per year. New cigarette tax revenues will go to the general fund.

Where do all Arizona taxpayers—including nonsmokers—stand when tobacco control achieves FDA regulation of tobacco, which is an integral part of the plan to replace cigarettes with nicotine replacement products? Absent state MSA payments and cigarette tax revenues, they will not only contend with a crater in the state's budget *but they also dug their fiscal hole \$150 million deeper in November 2006*, to keep preschool and children's health programs operating. North Dakota taxpayers will contend smaller amounts but the same fiscal issues apply.

All Arizona and North Dakota taxpayers—*smokers and nonsmokers alike*—took a combined \$185 million per year bullet in the back from tobacco control. Considering that smokers were the "Target" of that round, perhaps nonsmokers should get comfortable with being mere collateral damage. However, once hit with new taxes that becomes a distinction without a difference. Taxpayers in Missouri and California dodged tobacco control's combined \$2.5 billion per year Howitzer shell aimed at state budgets.

It appears that common sense and decency of considering others carried the day in California and Missouri, whereas core intolerance of one's neighbors who smoke will teach a rather hurtful lesson in North Dakota and Arizona. One wonders how loud the howl from those who voted to pass Proposition 86 would be, had core intolerance produced a win for that ballot measure, when \$2 billion in new taxes to replace cigarette revenue come due.

Hopefully, voters and taxpayers have acquired an enhanced appreciation that "Targeting" ones neighbors with "A tax for thee, but not for me" fiscal policy is fatally flawed.

Honesty, Integrity, Disclosure

Considering that "Toward a Comprehensive Long Term Nicotine Policy" was published before any of the 2006 state cigarette tax ballot measures were filed, it is reasonable to ask why proponents of those ballot measures did not disclose the fact or content of that and similar research papers to voters. The short answer appears to be, again, because tobacco control cannot successfully enact its agenda when blatant conflicts-of-interest and hidden mercantile purposes become apparent. Voters are misled to advance an agenda.

In light of the comprehensive long term plan for nicotine, proponents of California's Proposition 86 were aggressively advocating a hidden tax increase for all California taxpayers. How can one expect to pass a new tax on a "Target Group" when fair disclosure would reveal that every taxpayer will be affected? The only way to accomplish that is to fail to disclose that all taxpayers will ultimately be charged higher taxes to fund programs that new cigarette taxes would allegedly fund.

Some could say that proponents of cigarette tax increases were unaware of the comprehensive plan for nicotine. There are several responses to that statement:

First, as illustrated at center page, versions of the plan have been published in tobacco control literature since at least June 2003 (see abstract for "Estimating the Health Consequences of Replacing Cigarettes With Nicotine Inhalers," by Dr. Walton Sumner on page 16).

Second, the long term plan has been discussed news reports that date back to early 1998 (see center of page 6, top two articles).

Third, those who promote public policy have a responsibility to disclose how it will affect citizens. Touting alleged benefits while hiding material consequences is a hallmark of deceptive Social Marketing.

It is not plausible to believe that tobacco control advocates were unaware of the fact that if tobacco control achieves its objectives the source of funding for costly state programs currently financed by tobacco taxes will be eliminated.

We confront a deeply-troubling reality: tobacco control uses the carrot of someone else paying for state programs to bait citizens into voting for what will be switched to a tax on themselves. Intolerance is the key to that "bait and switch." As evident in the *Field Poll* reasons for

votes about Proposition 86 summarized at top of page 2, a considerable number of voters (reportedly about 74% of those supporting the measure) rose to the intolerance bait. Should congressional priorities for FDA regulation of tobacco produce such legislation those Core Intolerants would have found their votes switched to a new tax on themselves, as North Dakota and Arizona voters may soon experience.

Some would say the inevitable tax hike for nonsmokers who vote to support taxes for persons who smoke is just deserts. That may be true, however that position begs the point: *why should any taxpayer be deceived into voting for new taxes to support any special-interest agenda?* We are all in this together. We must set aside retribution and counter-intolerance. We must approach resolution of these often-contentious issues with a spirit of cooperation.

Tobacco Control (2003;12:124-132) June 2003

"Estimating the Health Consequences of Replacing Cigarettes With Nicotine Inhalers"

Dr. Walton Sumner II

"Reduced regulation of clean nicotine could lead to the development of delivery systems designed to establish or maintain nicotine addiction. If people believe these products to be safer than cigarettes, then nicotine use may increase. Some smokers would switch nicotine sources rather than quit. Some ex-smokers and never-smokers might become regular users, . . ."

"Deeply inhaled nicotine may addict users just as efficiently as cigarettes."

"Legislation could shield the nicotine and tobacco industries from liability for the health effects of nicotine use . . . in recognition of the historical futility of efforts to fully eradicate nicotine use.⁵²"

". . . the nicotine industry could produce myriad variations in the appearance of inhalers, so that users could select inhaler designs based on image. These images might even replicate successful smoking themes, such as rugged individuality, suave character, and pleasure. Pharmaceutical companies would then promote the images and real advantages of a modern nicotine inhaler to potential users, beginning with current smokers."

"Local ordinances that curtail public smoking already create settings where a nicotine inhaler could be the most satisfying alternative for current smokers."

(Underlines added.)

See Page 16 for paper abstract

By the time “Anti” programs are finished consuming state fiscal budgets and destroying the credibility of our governing institutions we could find ourselves left with nothing more than our own integrity toward one another. That integrity in our personal relationships needs to be preserved as a the starting point to rebuild. At this point it is virtually certain that rebuilding our fiscal structure will soon be necessary.

We leave the issue of state initiatives for new cigarette taxes in 2006 with a simple, yet somewhat profound, understanding: tobacco control held out funding health programs as the carrot, liberally applied the stick of orchestrated intolerance to influence the vote, and those who rose to the bait of taxing others will soon find the agenda switched to taxing themselves. A better illustration of the adage that you can’t cheat an honest man could not be provided. How can “Targeting” one’s neighbor to pay for benefits personally enjoyed be an honest approach to any meaningful relationship?

Tobacco Companies

In April 2005 the Washington legislature increased cigarette taxes by 60 cents per pack, while reducing taxes on Other Tobacco Products to 75 percent of wholesale value from the previous rate of 129.4 percent set by I-773 in 2001.

According to that initiative’s sponsors, 90 percent of the new cigarette tax revenues for I-773 were earmarked for expanding health insurance for the poor through the state’s Basic Health Plan and 10 percent were dedicated to anti-tobacco programs (see page 17 for excerpts from a mail flyer for I-773 and a summary of related grants).

Washington tobacco control programs have received \$15 million-plus per year from I-773, however funding for the health care funding portion was diverted and the number of poor enrolled in the state’s Basic Health Plan was reduced by 30,000. The state cried poor on health care, claiming that funding

was required to fund compelling budget deficits. The state of Washington further compounded that revenue problem in 2005 when it created a subsidy for Philip Morris by changing taxation of cigarettes and Other Tobacco Products (OTP).

As discussed in the June 21, 2006 *ABC News* article at center page, both Philip Morris and RJ Reynolds have introduced smokeless tobacco products. Both Philip Morris’ Taboka

brand and RJ Reynold’s Camel Snus are sold at prices about the same as cigarettes. When new taxes artificially inflate the cost of cigarettes Philip Morris and RJ Reynolds can increase the price for their smokeless tobacco, thereby increasing profits. *The net effect of Washington’s 2005 tobacco tax legislation was to increase the profitability of smokeless products for tobacco companies.* Increased profitability is achieved by creating a tax spread where Philip Morris charges the higher cigarette higher price for Taboka but pays lower Other Tobacco Products taxes to the state.

The first question that should be asked of any state legislator who supports such tax policy is why do you support creating direct cash subsidies for Philip Morris by manipulating state tobacco taxes? The second question is why should consumers be required to fund *state subsidies* of Philip Morris?

The above cigarette-OTP tax structure explains why both Philip Morris and RJ Reynolds invested tens of millions in advertising against California’s Proposition 86, yet stood aside, virtually silent, in other states like North Dakota, to not oppose cigarette tax increases. California law requires that taxes on OTP products be increased by an amount equivalent to cigarette tax increases. Had Proposition 86 passed Philip Morris would have confronted dramatically higher consumer prices for its Marlboro cigarette brand, while enjoying no offsetting profit advantage for its Taboka smokeless tobacco brand.

Philip Morris is unique in at least two product aspects. First, according to a recent quarterly report filed with the Securities and Exchange Commission about 80 percent of its cigarette sales are international and only 20 percent of its cigarettes are sold in the domestic USA market. Pursuant to that product sales mix, Philip Morris International has aggressively expanded worldwide market share through new marketing agreements in China, Spain and South America. Compared to other

tobacco companies, decreases in its USA cigarette sales have a lesser impact on its parent Altria Group’s profitability.

In contrast, RJ Reynolds sold the international rights to seven of its brands, including Camel and Winston, to Japan Tobacco in 1999 for a reported \$8 billion. While the company is seeking to reestablish its international presence it does not enjoy the international dominance of Philip Morris. Simply put,

United Press International, February 15, 1998
“Koop Predicts Nicotine Inhalers, Sprays,”
by Michael Smith

“Speaking at a major science meeting in Philadelphia, Koop said he foresees nicotine nasal sprays and inhalers joining the currently available nicotine chewing gum and nicotine patch products. . . . Within the next five or 10 years, Koop said, ‘we will still have a tremendous number of nicotine addicts, but we will have smoking nicotine addicts and non-smoking nicotine addicts.’”

Wall Street Journal, February 27, 1998
“Drug Makers See a Risky New Role for Nicotine,”
By Suein L. Hwang

“The drug makers’ new strategy [long term use of nicotine replacement] has some obvious advantages. ‘There will be less environmental smoke,’ says Neal Benowitz, a nicotine expert at the University of California at San Francisco who was one of the scientific editors of the landmark surgeon general’s report of 1988 that concluded that nicotine is addictive. ‘I’d much rather see people dependent on nicotine than on tobacco,’ he adds.” (Bracket added.)

ABC News, June 21, 2006
“Smokeless Tobacco”
By Fatima Quraishi

Smokers who must step outside for that quick fix or whose states are considering public bans may not have to worry much longer — if a new tobacco product hits the market. . . . Philip Morris USA has introduced Taboka, which comes in small pouches that can be placed between the lip and the gums for five minutes to 30 minutes and then thrown out. Each tin carries 12 pouches of tobacco and costs about the same as a pack of cigarettes. The company is testing the product in Indianapolis retail stores. Also, RJ Reynolds Tobacco Co. is testing Camel Snus — named after a popular and decades-old smokeless tobacco product in Sweden — in Austin, Texas, and Portland, Ore. It also costs the same as a pack of cigarettes.

RJ Reynolds has a much greater stake in maintaining domestic USA cigarette sales, which accounts for it putting more money behind defeating Proposition 86 than Philip Morris and heavily investing in opposition to smoking bans such as Arizona's Proposition 201 (by funding a reported 99 percent of \$2.7 million for counter-initiative 206).

The second distinguishing product feature for Philip Morris is its Aria nicotine inhaler, reported by the *Los Angeles Times* October 30, 2005 (see center page, top). A similar article was published by the *Wall Street Journal* October 27, 2005. Philip Morris Aria nicotine inhaler is an exemplar of the 'clean' nicotine inhaler that Dr. Walton Sumner II wrote about in "Estimating the Health Consequences of Replacing Cigarettes With Nicotine Inhalers." The *Los Angeles Times* reported that Philip Morris invented the product "nearly a dozen years ago." When Dr. Sumner was extolling the virtues of 'clean' nicotine in 2003, and proposing that "Smoke Free" nicotine manufacturers promote products based on image, Philip Morris had the product to fill new consumer demand sitting on the back shelf.

The Aria nicotine inhaler is materially different than Pfizer's Nicotrol inhaler. It delivers nicotine directly to the lungs, like a cigarette. With the Nicotrol inhaler, nicotine is absorbed much slower through mouth and gum tissues. This difference is why, as Dr. Sumner states, "Deeply inhaled nicotine may addict users just as efficiently as cigarettes."

Higher cigarette taxes artificially inflate the price Philip Morris can charge for its Aria inhaler, just as new cigarette taxes increase the price for its Taboka smokeless tobacco. In the case of Aria, however, potential profits are dramatically increased because Philip Morris would not pay OTP tax. Artificial profits to Philip Morris become the approximate amount of equivalent cigarette taxes per unit.

We observe the phenomenon of tobacco control and its political supporters advocating policy that directly benefits Philip Morris for its smokeless tobacco and "Smoke Free" nicotine delivery device product lines. Was supporting Philip Morris' future profits derived by continuing to manufacture and distribute equally-addictive nicotine what citizens who voted "Yes" for Proposition 86 intended to do?

Tobacco control promotes the idea that Big Tobacco is its arch-foe. The facts, however, say tobacco control is the best friend that Marlboro Man has. The Man returns that favor by aggressively supporting tobacco control agendas such as FDA

regulation of tobacco and smoking bans (see page center). Deviations from that support only occur where state law diminishes Philip Morris' profit from "Smoke Free" nicotine delivery devices. Page 18 presents a summary of the intertwined interests of Philip Morris and tobacco control.

Nicotine Replacement Therapy Parity Pricing

In June 2000, total consumer cost in Washington for GlaxoSmithKline's 132 unit Nicorette gum starter kit was \$52.12. In January 2006 the cost for a 110 unit starter kit was \$55.48. The cost per piece of Nicorette gum, including state sales tax, was 39.48 cents in 2000 and in 2006 increased to 50.44 cents. The increase in consumer cost for that Nicotine Replacement Therapy product was 10.96 cents. Applying that cost increase over 110 pieces of gum produces a total cost increase per box of \$12.06.

In November 2001 Washington passed I-773, adding new cigarette taxes of \$6.00 per carton. Another \$6.00 per carton tax was added by the Washington legislature in 2005. That legislation was passed after a 80 cents per pack increase requested by Washington's Governor Gregoire. During a period when cigarette taxes increased \$12.00 per carton the cost for a box of Nicorette gum increased \$12.06 on a per unit basis. The preceding source data are based on actual purchase receipts. Page 19 provides additional information.

The above cost phenomenon is referred to as "Parity Pricing." Cigarette tax advocacy creates artificially inflated profits for GlaxoSmithKline because the company does not pay state cigarette excise taxes or contribute Master Settlement Agreement payments to states. Increases

in cigarette taxes therefore flow through to the bottom line for NRT manufacturers and distributors.

The significant profit increases realized by pharmaceutical on nicotine replacement products through tobacco tax advocacy explain why GlaxoSmithKline paid an annual fee to the American Cancer Society for use of the society's to market Nicorette for many years. Those artificially inflated profits also explain why the company financially sponsors the World Tobacco Conference. The profits reveal why most university researchers who evaluate the dismal efficacy (about 7 percent) of nicotine replacement products are financed in large part by GlaxoSmithKline.

The *Los Angeles Times* October 30, 2005, "**The Mystery of Philip Morris' Nicotine Inhaler,**" by Myron Levin:

"Cigarette maker Philip Morris has developed an inhaler that could deliver a nicotine mist deep into the lungs, giving smokers a satisfying dose of the addictive drug without the carcinogens, gases and toxic metals that make tobacco smoke so dangerous. Cloaked in secrecy, the device was invented nearly a dozen years ago at a time the tobacco industry was vigorously denying that nicotine was addictive, internal company documents show. It was part of an effort by the top cigarette maker to explore the possibility of offering a 'clean' form of nicotine to those who can't or won't quit. . . ." (Underline added.)

PM USA's 2006 Position on FDA & Tobacco (www.philipmorrisUSA.com)

"On March 17, 2005, bipartisan legislation was reintroduced to the 109th Congress in an effort to establish . . . a comprehensive and coherent national tobacco policy in this country. The legislation would provide the U.S. Food and Drug Administration (FDA) authority to broadly regulate tobacco products. Altria and Philip Morris USA (PM USA) welcome this congressional action and applaud the Senate and House sponsors, . . . for their leadership and ongoing efforts to pass FDA regulation of tobacco."

PM USA's 2006 Position Regarding Smoking Bans (www.philipmorrisUSA.com)

"We also believe that the conclusions of public health officials concerning environmental tobacco smoke are sufficient to warrant measures that regulate smoking in public places."

California's Proposition 86 presented an opportunity for Glaxo-SmithKline to impose parity pricing increases of \$26.00 per box of Nicorette gum. Whether the company would have immediately increased the cost of Nicorette by \$26.00 begs the point: tobacco control advocacy is managed to enhance profitability of nicotine products.

Funding Medical Costs

Revenues from California's Proposition 86 were to fund medical costs and anti-tobacco programs. Missouri's Amendment 3 was to fund medical costs, including Medicaid, and anti-tobacco programs. Skyrocketing medical costs are reported in media daily. We should, therefore briefly examine medical costs in context of cigarette tax increases.

Media promotion of Proposition 86 and other cigarette tax ballot measures was accompanied by news reports that advocate persons who smoke and the obese pay higher health insurance premiums. See a recent *Washington Post* article, by Kim Dixon, that advances such advocacy at center page, top. GlaxoSmithKline and Johnson & Johnson are members of the *National Business Group on Health* mentioned in that article. A salient point that mainstream media reporters overlook is where does the money to fund health insurance come from when nicotine consumers are toking Philip Morris' Aria inhaler?

When we put the two agendas of higher cigarette taxes and increased insurance premiums together with parity pricing a tawdry advocacy theme emerges. First, persons who smoke would pay higher cigarette taxes to fund state health care. Second, those consumers would also pay inflated premiums for health insurance. Third, smokers who attempt to quit smoking by using *7 percent effective* nicotine replacement products—thereby allegedly saving state health care costs—pay artificially inflated prices for smoking cessation aids.

There is a point when even Core Intolerants must connect the dots. Consider that parity pricing increases health care costs by charging artificially inflated prices for smoking cessation products. Artificially inflating the cost of *93 percent ineffective* medical products is no sound public health policy by any standard.

Profits derived by parity pricing smoking cessation products pale in comparison to facts revealed in litigation about Average Wholesale Price (AWP) medicaid billing practices (see center, bottom). Glaxo-SmithKline and Johnson & Johnson were named defendants in that litigation. The article reveals that AWP pricing has cost Medicaid about *\$4 to \$5 billion per year*, before considering out-of-pocket consumer costs.

AWP billing practices add a sting to initiatives such as Missouri's Amendment 3. Not only are "Target" consumers to pay artificially inflated prices for cigarettes, smoking cessation products, and medical insurance but it appears they are to also finance a multi-billion-dollar, fraudulent Medicaid billing scheme. It is troubling that generating more parity pricing revenues for GlaxoSmithKline through higher cigarette taxes was requested by Governor Gregoire in 2005. It also appears that Congress places increasing GlaxoSmithKline's nicotine product sales among its high priorities. Meanwhile, legions of state legislators clamor for more taxes and health insurance premiums from "Target Groups" of choice to sustain the revenue scheme.

The Tobacco Control Enterprise

California voters were prescient in rejecting Proposition 86. Missouri voters demonstrated a vision of fiscal responsibility when they rejected Amendment 3. Whether they realized it or not, voters in both states refused to accommodate or fund hidden vested interests, unseemly advocacy practices, and blatant dipping of the public till by corporate special-interests.

When the magnitude of money flowing from the horn of tobacco control advocacy becomes apparent one necessarily asks how such a coordinated, politically greased system could have been created. We begin exploring that question by looking at tobacco control policy and strategies during intervention years that began in 1993 for the George

H.W. Bush administration's \$135 million American Stop Smoking Intervention Study (Project ASSIST). ASSIST was announced October 1991. Seventeen states, including Washington, originally participated. States that did not participate in Project ASSIST received tobacco control funding through the Centers for Disease Control and Prevention's IMPACT program.

Washington Post, November 14, 2006,
"Smokers, Obese Should Pay More Health Insurance: Poll"
by Kim Dixon:

"CHICAGO (Reuters) - Most Americans believe smokers and obese people should pay more for health insurance . . . Sixty percent of those polled favored higher premiums for smokers while 30 percent felt the obese should pay more. . . . The rate of uninsured, now nearly 16 percent of Americans, has been climbing for years, driven by consumer demand and escalating prices for prescription drugs and hospital care. About 20 percent of large employers are already giving discounts to workers who do not smoke, according to Helen Darling, president of the National Business Group on Health, which lobbies for corporations on health issues. 'The non-smoker's discount is growing in popularity and I think it is going to grow faster,' she said. As to obesity, 'I think it will be a while before we get to the point where people begin tying a financial discount to something like BMI (body mass index),' she said." (Underline added.)

MSNBC Market Watch, November 2, 2006,
"Pharmaceutical Giants Lose Key Court Ruling on 'Average Wholesale Price' Litigation"

"BOSTON, Nov 02, 2006 /PRNewswire via COMTEX/ — Today a U.S. District Court dealt a major blow to a group of pharmaceutical companies . . . denying the companies' motion to dismiss a nationwide class action law suit alleging they defrauded consumers by illegally inflating the cost of prescription drugs. . . . The suit . . . targets the companies' practice of inflating the Average Wholesale Price (AWP) they reported through publications for certain drugs. In turn, Medicare, Medicaid and third-party payers such as insurance companies reimburse pharmacies and physicians for drugs they provide based on the AWP. Individual patients also pay out-of-pocket costs on this basis." (Underline added.)

Page 22 of "Planning for a Tobacco Free Washington" included the policies and strategies of Project ASSIST. That document, published April 1993, appears in the left panel of page 20. Two principal policies of tobacco control—to increase the cost of tobacco products and to expand smoking bans—have not changed since 1993.

Tobacco control advocacy, as stated in this document is quite straightforward:

Principles: To target populations.

Strategy: ". . . to reduce smoking rates is to decrease public tolerance of tobacco use."

Policy: "Changing public acceptance of tobacco use will require policy change, a critical ingredient of societal change."

Media: "Social change requires that people receive persistent and consistent messages from sources they trust. . . . ASSIST resources will be use to generate a variety of media messages that will foster and strengthen public support for proposed policy changes."

In 2007 we experience the full impact of ASSIST policies: "Targets" pay artificially inflated prices for smokeless tobacco, cigarettes, smoking cessation aids, and health insurance, while financing billions more in fraudulent pharmaceutical Medicaid billing schemes. Meanwhile, state tax initiatives convert cigarette taxes to subsidies for Big Drugs and Big Tobacco. In addition, the 1998 tobacco settlement increased the cost of cigarettes 45 cents per pack and consumers still pay the price increase even with reduced payments to states (see center, bottom.)

But a significant black hole looms for state budgets, should legislation to grant FDA regulatory authority over tobacco be enacted and the comprehensive long term nicotine policy excerpted on page 5 be fully established. The magnitude of that budgetary black hole is indicated by the figures included in paragraph two of the *Campaign for*

Tobacco-Free Kids' July 2006 news release (see center, top).

There are an estimated 46.5 million current smokers in the USA. According to cigarette consumption data in a March 2006 press release from the *National Association of Attorneys General* (NAAG), current smokers consume about 22 cigarettes per day. An average tax increase from 43.4 to 93.7 cents per pack equals 50.3 cents per pack higher taxes; 1.1

packs per day times 46.5 million current smokers equals 51.2 million packs of cigarettes sold each day; 50.5 cents per pack increase equals a \$25.9 million increase in daily state cigarette taxes, or \$9.4 billion per year.

That \$9.4 billion per year in state new cigarette tax revenues will disappear after the enactment of legislation to grant FDA authority to regulate tobacco, including authority to reduce the nicotine content of cigarettes as advocated in the comprehensive long term nicotine policy.

Another \$6.2 billion-plus in Master Settlement Agreement payments by tobacco companies to states would also be in severe jeopardy, as would the source of funding for debt service on \$30 billion-plus in tobacco settlement revenue bonds issued by states.

Considering tobacco control advocate's and Dr. Koop's claims that smokers are nicotine addicts, what is the market for cigarettes with virtually no nicotine? *Total prospective tax revenue losses to states attributable to tobacco control's comprehensive long term nicotine policy are at least \$15.6 billion per year.* That's quite a "WIN, WIN, WIN" for states.

The same legislation and long term nicotine policy will produce massive windfall profits for Johnson & Johnson and GlaxoSmithKline. GlaxoSmithKline is the distributor of NicoDerm CQ patches, Nicorette gum, and Commit Lozenges. NicoDerm CQ patches are manufactured by Johnson & Johnson subsidiary ALZA Corp. In 2006 Johnson & Johnson bought Pfizer Consumer Healthcare for a reported \$16.6 billion, including Nicorette. Perhaps we now understand why pharmaceutical special-interests aggressively fund tobacco control advocates and support FDA regulation of tobacco.

The legislation will also produce new profit centers for tobacco companies, for which the principal beneficiary will be Philip Morris. The company will benefit through arti-

ficially inflated profits from its smokeless tobacco products and increased consumer demand for its Aria nicotine inhaler, once the inhaler is approved by the FDA. Those insights provide a special appreciation for why Philip Morris supports smoking bans and FDA regulation of tobacco: not only does such policy support sales of its smokeless tobacco brands and Aria nicotine inhaler, but failing to support FDA regulation of tobacco

Campaign for Tobacco Free Kids, July 19, 2006
"Higher Cigarette Taxes"

Increasing cigarette taxes is a WIN, WIN, WIN solution for states - a health win that reduces smoking and saves lives; a fiscal win that raises revenue and reduces health care costs; and a political win that is popular with the public.

It's no wonder that 42 states and the District of Columbia have increased cigarette taxes since January 1, 2002, more than doubling the average state cigarette tax from 43.4 cents to 93.7 cents a pack. The average state cigarette tax will rise even more to 96.1 cents per pack in January 2007 when recently approved tax increases in Hawaii and Texas take effect.

Robert Wood Johnson Foundation
"The Center for Tobacco-Free Kids and the Tobacco-Settlement Negotiations."

Page 2: "In 1991 the foundation awarded a grant to Stop Teenage Addictions to Tobacco. Two years later, it began funding the SmokeLess States® National Tobacco Policy Initiative. . . . Among other techniques, the program seeks to increase the excise tax on cigarettes and the number of places having a smoke-free environment."

Note: According to the foundation's November 2005 publication "Taking on Tobacco: The Robert Wood Johnson Foundation's Assault on Smoking," its total 1992 to 2005 grants to tobacco control advocates were \$446 million (see page 15, right panel for representative Washington grants).

The Wall Street Journal, March 8, 2006
"Big Tobacco Seeks \$1.2 Billion Cut In Payments to States"

By Vanessa O'Connell

"State governments, addicted to billions in revenue from the tobacco industry, have begun to worry that they will have to cut back. Forty-six states are expecting a total of \$6.5 billion this spring, the latest in a series of annual payments stemming from the 1998 Master Settlement Agreement with major tobacco companies. But Altria Group Inc.'s Philip Morris USA and others say they expect to withhold \$1.2 billion and are raising the possibility that they will seek similar cuts in years to come."

could negatively influence that agency's approval of Aria. Has the FDA agreed to a Quid Pro Quo with Philip Morris concerning approval of the Aria nicotine inhaler?

The Robert Wood Johnson Foundation is the largest single source of funding for tobacco control advocacy since 1992. As of September 30, 2006 stock reports, the foundation was among top five institutional shareholders of Johnson & Johnson, owning 57.5 million shares, then-valued at \$3.7 billion. That common stock position may provide a cogent explanation for the foundation's \$446 million-plus investment in tobacco control. *What is stock in a company that controls two of three principal Nicotine Replacement Therapy products—NicoDerm CQ patches and Nicorette gum—worth when FDA mandates substantively reduce the nicotine content of cigarettes?*

The message to Core Intolerants who voted for Proposition 86 emerges: "Go ahead, set yourself up to finance multi-billion-dollar windfall profits and subsidies for Johnson & Johnson, GlaxoSmithKline, and Philip Morris, while watching your state's budget implode at your expense." Fortunately, normal folks are beginning to get it, as illustrated by the 2006 cigarette tax votes in California and Missouri.

The answer as to how we arrived in our current fiscally irresponsible position is simple: half a billion dollars in grants from a private foundation committed to aggressively promoting public intolerance of "Target Group" citizens allows hidden agendas to run amok through consumer, taxpayer and state interests. Adding a few hundred million in campaign donations and contributions to medical societies assures that political grease for state budget skids is liberally applied. A diagram of that system appears on page 21.

The only material issue left is how deep we allow special-interests to dig our fiscal budget hole before state legislators and members of Congress find the intestinal fortitude to shut down this fatally-flawed system of dipping the public till and picking consumers pockets.

George H.W. Bush's 1991 Kinder, Gentler Nicotine

The Bush administration's Project ASSIST was announced October 4, 1991 by then-Secretary of Health Dr. Louis Sullivan. As previously discussed, since that announce-

ment about two thirds of a billion dollars in federal and private foundation grants have been committed to tobacco control. In addition, tens of billions in tobacco settlement payments have been made to states, much of that funding being dedicated to anti-tobacco. Finally, as calculated from tax advocacy statements by the Campaign for Tobacco-Free Kids on page 9, more than \$9 billion per year in new cigarette taxes—more than the \$8 billion originally-scheduled annual payments for the 1998 tobacco settlement—have been added, with significant portions of those new taxes dedicated to tobacco control.

A multi-billion-dollar-per-year Tobacco Control enterprise has been created that demonstrably adds significant new profits centers for corporate special-interests who fund that endeavor. What have consumers and taxpayers received?

Assume that every fact that tobacco control advocates claim about smoking is true. For example: Smoking is the number one cause of preventable death.

Smoking causes cancer, heart disease, other medical ailments.

Smoking causes asthma.

Smoking causes SIDS.

Smoking causes nonsmoker heart disease and cancer.

Smokers cost society billions per year in health care costs.

Nicotine is as addictive as heroin or cocaine.

Now consider those beliefs in light of tobacco control performance as presented on page 22. What conclusions can be drawn from data tables on that page? A few obvious observations are:

1. The Current Smoker Population is *remarkable stable*, having declined merely 653,000 (-1.4%) out of more than 47 million since 1990 to 2005. Over a 16 year period that works out to a 0.094 percent annual decline.

2. The minuscule decline 1990 to 2005 has occurred with dramatic increases in cigarette taxes and

MSA costs. Yet 2006 July and October 2006 statements by the Centers for Disease Control and Prevention report that declines in both you and adult smoking have stalled (see center, top) Cigarette taxes reduce smoking prevalence?

3. During the same decade and a half, highly-taxed cigarette consumption has declined from 30.4 to 22.3 cigarettes per day, (-26.6%), while consumption of zero-excise-taxed Nicotine Replacement Therapy has increased. Many consumers use nicotine replacement products in "Smoke Free" work environments while continuing to smoke off the job.

Centers for Disease Control, July 7, 2006
"Cigarette Use Among High School Students—1991-2005"

"To examine changes in cigarette use among high school students in the United States during 1991-2005, CDC analyzed data from the national Youth Risk Behavior Survey (YRBS). This report summarizes the results of that analysis, which indicated that, although lifetime, current, and current frequent cigarette use was stable or increased during the 1990s and then decreased significantly from the late 1990s to 2003, prevalence was unchanged during 2003--2005.

Medscape Medical News, October 29, 2006
"Highlights From MMWR: Decline in Adult Smoking Stalls and More"
By Yael Waknine

"The US Centers for Disease Control and Prevention (CDC) reported in the October 27 issue of the Morbidity and Mortality Weekly Report on a stall in the decline of smoking prevalence among US adults that mirrors that for adolescents."

Tobacco Control, (2006;15:472-480)
"Helath Consequences of Reduced Daily Cigarette Consumption"
Aage Tverdal and Kjell Bjartveit

Objective: To determine the risk of dying from specified smoking-related diseases and from any cause in heavy smoking men and women . . . who reduced their daily cigarette consumption by >50%.

Design: A prospective cohort study.

Setting: Three counties in Norway.

Participants: 24,959 men and 26,251 women.

Conclusions: Long-term follow-up provides no evidence that heavy smokers who cut down their daily cigarette consumption by >50% reduce their risk of premature death significantly. In health education and patient counselling, it may give people false expectations to advise that reduction in consumption is associated with reduction in harm."

4. A recent study involving more than 51,000 participants over more than a decade (see center page 10, bottom) concludes that “Long-term follow-up provides no evidence that heavy smokers who cut down their daily cigarette consumption by >50% reduce their risk of premature death significantly.”

We find believing tobacco control advocates’ proclamations about how their programs save lives and money, only to find no material change in the number of current smokers and no change in the health risks to those who smoke. A bulb suddenly turns on in our thinking, reminding us that *if everything anti-tobacco activists say about tobacco use is true then we taxpayers have been well and soundly had*: a stable current smoker population with no reduction in health risks and skyrocketing health care costs equals greater costs to states.

Those considerations only look to the problem side of the equation. It is evident that the alleged problem of tobacco use has not been solved to any meaningful degree by the Tobacco Control Enterprise. What do its solutions portend?

Assume that Senator Kennedy sponsors a bill for FDA regulation of tobacco, that the bill and its House companion are enacted by Congress, and that FDA mandates a 25 percent reduction in the nicotine content of tobacco. What is likely to occur?

The first response is that persons who smoke are accustomed to a certain level nicotine level that establishes and sustains a desired physiological state. A 25 percent reduction in nicotine content of cigarettes equals a similar increase in the number of cigarettes smoked to achieve the same level of nicotine. Tobacco products have a natural self-limiting threshold as to the number of cigarettes smoked, a desired state of nicotine in the system. Reducing nicotine content increases cigarette consumption, a deathtrap for smokers according to anti-tobacco. Philip Morris loves it, more Marlboros are sold.

What about persons smoking less, but use other nicotine delivery device products to supplement nicotine? Again, Philip Morris lives it: chew Taboka and smoke Marlboro. Moreover, the Washington legislature added to the profitability by reducing OTP taxes, creating a subsidy for the company.

Well, wait minute, just use nicotine patches, gums, or to quit smoking. Whatever happened to becoming “Nicotine

Free,” not just “Smoke Free,” as millions did before tobacco control began its interventions in public policy? In addition, studies published by the journal tobacco control show that such products are merely 7 percent effective for intended use as smoking cessation aids and that there is an equal probability (6.7 percent) consumers of those products will become chronic, long-term users (see center page, first two excerpts). The efficacy of such products must remain low because if smoking cessation aids truly worked the products would eliminate their own source consumer base. Chronic, long term users are much more profitable. Meanwhile, cigarette tax dollars to finance state health programs disappear as parity pricing creates state subsidies for manufacturers and distributors such as Johnson & Johnson and GlaxoSmithKline. And, by the way, *where does the nicotine in Nicorette, NicoDerm CQ and Commit come from? Are tobacco companies supplying allegedly anti-tobacco smoking cessation aid manufacturers with nicotine for their products, too?*

Finally, we arrive at the granddaddy of tobacco control solutions: smoke “De-nicotineized” cigarettes and use Nicotine Replacement Therapy Products to quit smoking, as published by the Society for Research on Nicotine and Tobacco in 2001 (see center page, bottom). Philip Morris executives could be absolutely orgasmic with this solution. It is the artificially inflated revenue cocaine of tobacco control on steroids. Smoke Philip Morris nicotine-free NEXT cigarettes, while toking its ARIA inhaler.

After careful review we find that tobacco control’s solutions are no more effective that its programs to reduce tobacco use. But why should we be surprised at that? If tobacco control actually accomplished its proclaimed objectives where would next year’s grants come from? Perhaps a never-ending war on the terror of tobacco presents itself for voters and taxpayers to consider. The most profitable approach for tobacco control advocates, pharmaceutical nicotine distributors, and tobacco companies appears to be to negatively label smokers as domestic terrorists who unleash a Weapon of Mass Destruction every time they light up. Consequently, finding honest solutions that constructively address tobacco use becomes more difficult than locating Osama bin Laden.

Tobacco Control 2003;12:21-27

“A meta-analysis of the efficacy of over-the-counter nicotine replacement”

J R Hughes, S Shiffman, P Callas and J Zhang

The long term (that is, greater than six months) quit rates for OTC NRT was 1% and 6% in two studies and 8–11% in five other studies. These results were not homogenous; however, when combined the estimated OR was 7%.

Tobacco Control 2003;12:310-316

“Persistent use of nicotine replacement therapy: an analysis of actual purchase patterns in a population based sample”

S Shiffman, J R Hughes, J L Pillitteri and S L Burton

. . . . That is, among those who start using nicotine gum, 6.7% are likely to still be using it after six months. Among those who engaged in persistent use in this sample, the duration of such use averages 8.6 months (that is, once users cross the six month threshold, they use for another 8.6 months, on average). Using the formula specified in Kleinbaum et al³⁸ . . . we estimate that 36.6% of current gum users (in cross section) are engaged in persistent use.

Nicotine & Tobacco Research, May 2001

“Individual Differences In Smoking Reward From De-Nicotinized Cigarettes”

Lisa H. Brauer, et al

“Transdermal and buccal administration of nicotine [such as patches and gums] may provide many of the central effects of nicotine that smokers seek . . . however, these routes of administration do not produce the important airway sensations that smokers seek. although de-nicotinized cigarettes do not exactly reproduce the airway sensations of commercially available cigarettes, they produce substantial smoking satisfaction and craving reduction. . . . it may be fruitful to provide a limited number of these cigarettes to smokers during cessation attempts, for use in conjunction with nicotine replacement therapy. . . . Alternatively, other forms of nicotine replacement, such as the nicotine inhaler, which include a sensory component may be useful.” (Bracket added.)

A civil trial began in November 2006 in U.S. District Court concerning an allegedly fraudulent Average Wholesale Price billing scheme that costs Medicaid a reported \$5 billion per year (see page 8 center, bottom). In January 2007 Congress passed a drug cost plan that the Congressional Budget Office (CBO) says will have little or no effect on spending. Critics describe the new legislation as a "boon to drug companies."

Bills to grant FDA regulation of tobacco (S.666 and H.R.1376) died a end of the 109th Congress. Those bills were a continuation of perennial, similar bills dating back to Senator John McCain's 1997 Universal Tobacco Settlement (UTSA), which failed in mid-1998. Senator Kennedy's response is to place FDA regulation of tobacco as a high priority for the 110th Congress.

The people voted for change in November 2006, yet less than two weeks into Democrat control of the House and Senate we bills are being sponsored that are a bold statement for business as usual. Apparently lost to many Democrats is the fact that many voted change first this past November and Democrat as the only choice to affect that change. California's Proposition 86 therefore becomes important as an indicator of how deeply out of touch with constituent views many politicians truly are: Democrats who traditionally support tobacco control legislation and initiatives were among the greatest swings in changing views for Proposition 86.

We observe the phenomenon of a closed political system at work. Agendas and special-interests come first, considering the consequences to state budgets, consumers, and taxpayers being a distant second. We must therefore return America's political landscape to an open playing field to achieve meaningful results that benefit we the people. Tobacco control advocacy provides a stellar example.

Tobacco control is a closed system. Its principal inputs are special-interest agendas, private foundation grants and corporate funding. Its content is intolerance supported by Junk Science. Its output is tax and ban mandates crafted to support increasingly-profitable distribution of nicotine products. In operation, the tobacco control system refuses to consider responsible comments about its performance, nothing is al-

lowed to change. The system is impervious to feedback concerning the consequences that it imposes on taxpayers, consumers, employees, small business, or state fiscal responsibility. Considering in the preceding pages, it is no longer open to reasonable doubt that the Tobacco Control Enterprise benefits corporate and private foundation special-interests, that its programs do not work, and that it will not voluntarily change.

Changing tobacco control policy appears to be akin to altering strategy for the war in Iraq.

Those looking for constructive outcomes from tobacco control would be better off volunteering for duty in the Baghdad office of the Weapons of Mass Destruction search team. Not only would the prospects for success be higher, but participants will have a memorable experience in politics as usual, to boot.

Given those realities, we the people must consider how to affect constructive change. A personal decision recedes that consideration: what do we believe about lawful use of legal tobacco products by nearly a quarter of our adult population? *Field Poll* surveys strongly suggest that public beliefs about tobacco are not as supportive of tobacco control as Social Marketing press releases proclaim. *Sooner or later, anti-tobacco Social Marketing dogma confronts voters' legitimate self-interest.*

A remarkable fact emerges from data in California's Proposition 86 Field Poll: after a decade and a half and billions of dollars committed to "Targeting" persons who smoke voters did not respond to the message by supporting the new cigarette tax ballot measure. It is also evident that public support for such initiatives is waning and that negative shifts in tobacco control's traditional support base are occurring.

There's hope in that because it says that we the people do understand important issues beyond tobacco control's carefully-crafted sound bites; that we can and do incorporate new understandings into voting decisions. As tobacco control continues it necessarily reveals hidden agendas required to advance its

own interests and the interests of its private foundation and corporate financial sponsors. When such revelation occurs it is now apparent that diminution of public support for tobacco control initiatives, mandates and agendas accelerates.

The response of tobacco control advocates to these market realities is already self-evident. We hear announcements about the compelling need to charge higher health insurance

The Seattle Times, January 13, 2006
"Seattle District Chips In for Lawsuit"
By Alex Fryer

"The Seattle School District has committed \$50,000 to help fund a sweeping lawsuit filed against the state of Washington to increase education spending. The lawsuit . . . seeks a court order to compel the state to determine the costs of providing an adequate education and then devote funds appropriately. Plaintiffs include . . . the Washington Education Association (WEA), the state's largest teachers union. WEA could spend about \$1 million on the litigation, spokesman Rich Wood said."

The Seattle Times, January 13, 2007
"Drug-price Bargaining Measure Approved"

"The House approved legislation Friday requiring the government to negotiate lower prescription-drug prices for Medicare beneficiaries. But the measure faces a veto threat from President Bush . . . Critics say the system is a boon to drug companies because it prohibits the government from using its bargaining muscle on behalf of seniors. . . . Separate analyses this week from the Centers for Medicare and Medicaid Services and the Congressional Budget Office found that the House bill would have little or no effect on spending."

The Seattle Times, January 14, 2006
"Health-care solution: It's Basic"
By Nicole Brodeur

Lawmakers can get their start with the Basic Health Plan. It's funded largely by tobacco taxes, a move voters approved back in 2001 with the passage of I-773. Not long after, with some 130,000 people on the rolls, the state found itself in a deficit. Lawmakers cut 30,000 of them from Basic Health and put the millions in tobacco money toward other needs. . . . All Basic Health enrollees live on incomes below 200 percent of the poverty level. Most have jobs, but their employers can't, or won't, provide health coverage. (Think Wal-Mart.) . . . Basic Health has been lauded as a national model by the Robert Wood Johnson Foundation, the nation's largest philanthropy devoted to improving health and health care.

costs to smokers and the obese, politicians mandate more places where smoking is to be banned, and advocates compile ever-more-creative statistics about how dangerous tobacco allegedly is. S.666 for FDA regulation of tobacco dies with the 109th Congress, legislative bills to grant FDA that regulatory authority are declared to be a high priority in the first heartbeats of the 110th Congress.

Having committed hundreds of millions in new cigarette tax revenues to ostensibly increase health insurance for Washington's poor through I-773 in 2001, the legislature reduces the number enrolled in the state's Basic Health Plan in 2002, then proclaims that it is looking for a solution to fund health care for the poor in 2007.

The ink is barely dry on a federal judge's order that sent Johnson & Johnson to trial on an alleged \$5 billion per year fraudulent billing medicaid scheme and the National Business Group on Health cries alarm over the compelling need to increase health insurance premiums for the obese and persons who smoke, to provide health care. Another tobacco tax advocacy group, Action on Smoking and Health (ASH) advocates new taxes on the obese and smokers as part of a program *to reform medicaid*. To top it off, with Average Wholesale Price litigation in progress, Congress passes a new drug price measure that critics, including the Congressional Budget Office, says would have little or no effect on spending and others say is a boon for drug companies.

And, having squandered \$400,000 per year in revenue from a soft drink vending contract, the Seattle School District commits \$50,000 to file a lawsuit "to compel the state to determine the costs of providing an adequate education and then devote funds appropriately." That lawsuit being filed in early 2007, notwithstanding the fact that the legislature passed ESHB 2314 in 2005, adding 60 cents per pack in new cigarette taxes to fund K-12.

Anti-tobacco's response is the controller's behavior described by Denise Breton and Stephen Lehman in the excerpts from "The Mystic Heart of Justice" at center. Tobacco control advocates do so blithely ignorant of the fact that they are choosing a path of stasis—stagnation—and, ultimately, political death. Unfortunately, that political demise imposes the death of state fiscal responsibility, too.

Where To From Here?

An inescapable reality presents itself: *folks can be as intolerant of neighbors who lawfully consume legal products as they choose, they just need to be ready, willing and able to pay for the privilege.* Judging by current state and federal legislative bills, pay they will—at an unprecedented rate.

We the people and our elected representatives need not

follow tobacco control along their self-extinguishing path. We can and should exercise the most important right that we have as a free people, the right to choose. *The fundamental choice we make is to decide whether our votes are based on intolerance or credible fact.* Once we make that choice constructive decisions naturally follow.

By making constructive choices we learn an important life lesson: intolerance is a poor substitute for constructive public policy when the taxman demands his ever-increasing due. Exercising the power of constructive choice also reveals the Achilles heel of tobacco control: having firmly controlled policy and media variables for more than a decade they now confront an evolving human spirit; the taxpayer cats in California and Missouri spring out of the special-interest-tax box. Voters in more states are sure to follow. Of greatest importance, voters in California and Missouri cigarette tax initiatives cited tolerance, fiscal responsibility, and distrust of institutions for doing so.

Federal and state elected representatives need look no further than current voting trends to understand where the tobacco control path leads. Some will conclude that perhaps it is past time to finally shut down anti-tobacco buggy whip factories, replacing them with institutions that consider the legitimate interests of consumers, taxpayers and small business owners. Responsible state legislators will understand FDA regulation of tobacco as the threat to state fiscal responsibility that it truly is. Some will respond with uniform taxation of all products in the nicotine delivery device class of property, in accordance with many state constitutions.

Many politicians will continue, however, to bet their political careers

on tobacco control's Junk Science, sponsoring Junk Legislation, such as FDA regulation of tobacco. They could become ballot box collateral damage casualties. By doing so their abject disregard for the interests of consumers and taxpayers will become transparent to voters.

Either way, we can look toward the current special-interest malaise sorting itself out. Legislators who sell their buggy whip stakeholder's stock will bring much-needed and positive change, while those who continue to hold their position become a self-extinguishing species. Both choices—constructive change or stasis political death—produce constructive results for we the people.

The message that the preceding information sends to us is become informed, get involved, do not accept program dogma for meaningful response to inquiry, then vote our knowledge and not our emotions. The message to Core Intolerants who persist with self-serving belief in program dogma is simple, "You have your preferences, normal folks have lives. Normal living wins."

In the end, this corporate subsidy scheme, too, shall pass.

"The Mystic Heart of Justice"

Denise Breton and Stephen Lehman
Chrysalis Books 2001
Excerpts, Pages 141-145

"Insofar as we believe that our individual survival depends on keeping things as is, change is terrifying. In desperation, we resort to a control response. . . . Fear makes us try to extend our spheres of control beyond what is legitimately ours. That is when we need philosophy to intervene. . . . We're going back to the ongoing question of who we are. . . . We're like cats: being put in a box is good enough reason to try to get out. . . . As open systems, we're subject to change beyond our control. We have to allow this and learn to live with it. The control response, however understandable, is not the answer. Control requires closed systems, so that all the variables can be either eliminated or managed. But control exacts a price. Nothing new is allowed to enter, which means there's no opening for growth. Closed systems are entropic. Without sources of regeneration they tend toward stasis, death." (Underlines added.)

California Proposition 86 Poll Data 2006

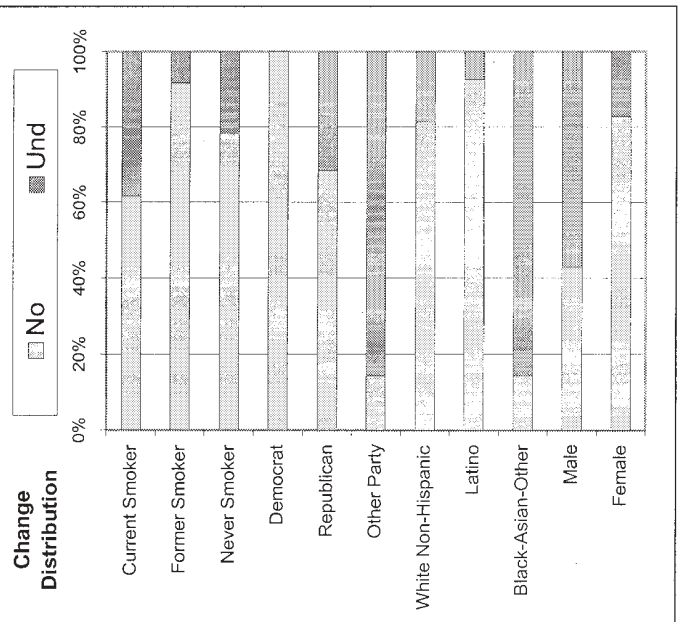
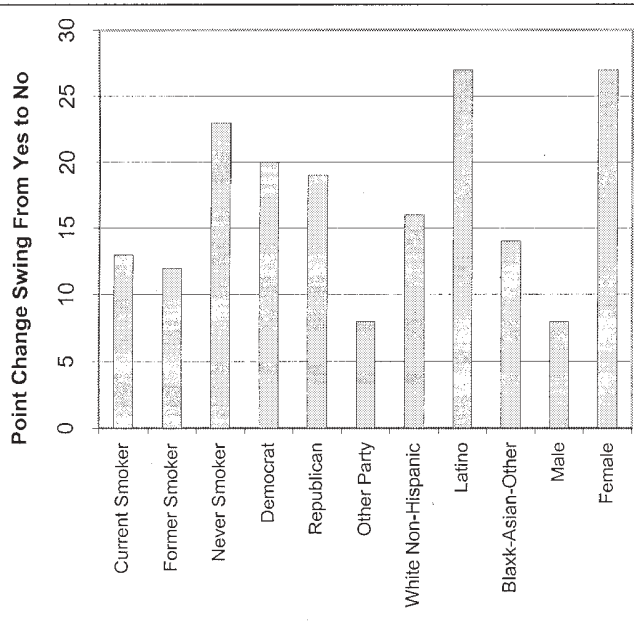
	November 4, 2006			UNDECIDED		
	Aug. 2 2006	Nov. 2 2006	Change	Aug. 2 2006	Nov. 2 2006	Change
Current Smokers	23	10	-13	72	80	8
Former Smokers	53	41	-12	39	50	11
Never Smokers	76	53	-23	19	37	18
Average:	50.7	34.7	(16.0)	43.3	55.7	12.3
Democrats	73	53	-20	19	39	20
Republicans	54	35	-19	42	55	13
Non-Partisan/Other	56	48	-8	40	41	1
Average:	61.0	45.3	(15.7)	33.7	45.0	11.3
White Non-Hispanic	58	42	-16	36	49	13
Latino	83	56	-27	14	39	25
Black/Asian/Other	65	51	-14	31	33	2
Average:	68.7	49.7	(19.0)	27.0	40.3	13.3
Male	54	46	-8	42	45	3
Female	71	44	-27	22	46	24
Average:	62.5	45.0	(17.5)	32.0	45.5	13.5
Aug. 2006	63			32		5
Sept. 2006	53			40		7
Oct. 2006	45			45		10

Data Source: The Field Poll #2208 August 2, 2006 and #2217 November 2, 2006

- Comments:
1. Never Smokers, Democrats, Latinos and Females showed greatest point swings from "Yes" to "No"
 2. Former Smokers, Democrats, Latinos and Females moved most decisively to "No" vs. "Undecided"
 3. Current Smokers show surprising levels of support for Prop. 86, 20 percent "Yes" plus "Undecided"
 4. Polls strongly suggest that the assumption nonsmokers will automatically support punitive taxation of smokers is invalid, once information concerning how such measures hurt their interests is provided.
 5. There is a strong downward momentum in poll support for Prop. 86. "Yes" of 45 percent may not be the bottom. Plausible scenarios from baseline 45 "Yes," 45 "No," 10 "Undecided" are:

	YES	NO
Prop. 86 adds 2% Yes and gets 70 percent of Undecided	54	46
Prop. 86 Holds All Yes and gets 60 percent of Undecided:	51	49
Prop. 86 Loses 2% Yes and gets 60 percent of Undecided:	49	51
Prop. 86 Loses 2% Yes and gets 40 percent of Undecided:	47	53
Prop. 86 Loses 4% Yes and gets 30 percent of Undecided:	44	56

20% Current Smokers who are "Yes" and "Undecided" could cause a decisive negative swing based on economics.



Tobacco Tax Initiative Is a Costly Pro-Business Hoax

By Norm Kjeno

German philosopher Arthur Schopenhauer said, "All truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident."

But what if the self-evident is ridiculed or denied? Do we then oppose the contradiction?

Ordinarily, one leaves such questions to philosophers. But when confronted with \$2.1 billion in new health care costs for a state that endures perennial budget crises, taxpayers must be pragmatic. California voters should consider the self-evident truth that comes with Proposition 86, which would add \$2.60 per pack in new cigarette taxes, and also increases taxes on cigars, pipe tobacco and smokeless tobacco. Should the measure pass, the voters who do not smoke will approve \$2.1 billion in new taxes on those who do and will also be fattening the bottom lines of companies that produce smoke-free nicotine products.

Proposition 86 is based on the premise that the 14 percent of California adults who smoke should finance \$2.1 billion in new state health care programs that benefit all of the population. The ballot measure exploits the intolerance of a politically unpopular target group to impose a tax hoax on nonsmokers. Several sets of facts make this clear.

First, consider the research paper "Toward a Comprehensive Long Term Nicotine Policy," published by the journal *Tobacco Control* in 2005. The abstract says, in part, "A three-phase policy is proposed. The initial phase requires regulatory capture of cigarette and smoke constituents liberalizing the market for clean nicotine ... The second phase anticipates clean nicotine overtaking tobacco as the primary source of the drug (facilitated by use of regulatory and taxation measures); simplification of tobacco products by limitation of additives which make tobacco attractive and easier to smoke (but tobacco would still be able to provide a satisfying dose of nicotine). The third phase includes a progressive reduction in the nicotine content of cigarettes, with clean nicotine freely available to take the place of tobacco as society's main nicotine source."

Second, consider Washington state's experience with initiatives that added a total of \$1.20 per pack. In June 2000 and January 2006 — a period that includes both cigarette tax increases — a carton of Marlboro cigarettes and a box of Nicorette nicotine gum were purchased on the same day at the same store. On a per

unit basis, the cost for a box of Nicorette increased by \$12.06, corresponding with the \$12.00 per carton increase in the cost of Marlboro. That phenomenon is known as parity pricing. In addition, the cost increase for nicotine gum corresponded to the comparative cost as stated in the Nicorette product handbook, "a pack and a half of cigarettes per day." The cost increase for Nicorette gum was precise as to both dollar amount and comparative cost per unit and that the increase did not occur by random chance.

Fourth and finally, apply the tax structure for products in the FDA category known as nicotine delivery devices. Cigarette nicotine delivery devices will be taxed at \$3.47 per pack should Proposition 86 pass. Smoke-free nicotine products are taxed at zero excise tax in California. When a consumer switches nicotine brands from cigarettes to smoke-free delivery devices such as Nicorette gum, consumer dollars that would ordinarily pay excise taxes to the state are transferred to corporate bottom line profits. Proposition 86 in effect legislates a \$26.00 profit per box for Nicorette gum and other such products if parity pricing is applied in California.

What has not been disclosed to the voters about Proposition 86 is the plan to replace tobacco nicotine delivery devices with nicotine replacement tools. The measure will force a tax spread between tobacco and nontobacco nicotine delivery devices that will assure significant profits for nicotine replacement device distributors.

Should Proposition 86 pass, nonsmokers who went into the voting booth to tax the other guy who smokes to pay for health care programs will actually turn state cigarette tax revenues into corporate subsidies. Absent the \$2.3 billion in cigarette excise taxes that Proposition 86 would allegedly provide, who is left holding the proverbial bag for \$2.1 billion in costly new state health care programs?

Perhaps in this contradiction we find an ironic but self-evident truth: those who can be baited by intolerance to charge their neighbor for benefits they enjoy can be readily switched to enacting multibillion-dollar costs for themselves. Having passed a self-evident contradiction, do voters then oppose themselves and their own best interests?

Norm Kjeno is a Seattle-based columnist for www.forces.org, an advocacy group that opposes Proposition 86. He also serves as an expert witness in securities fraud cases.

FORUM

Los Angeles Daily Journal
Thursday November 2, 2006

Tobacco Control 2005;14:161-165
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SPECIAL COMMUNICATION

Toward a comprehensive long term nicotine policy

N Gray1, J E Henningfield5, N L Benowitz2, G N Connolly3, C Dresler1,
K Fagerstrom4, M J Jarvis6 and P Boyle1

<http://tc.bmj.com/cgi/content/full/14/3/161>

- 1 International Agency for Research on Cancer, Lyon, France
- 2 Department of Medicine, Psychiatry and Biopharmaceutical Sciences, University of California San Francisco, San Francisco, CA
- 3 Harvard School of Public Health, Boston, MA
- 4 Helsingborg, Sweden
- 5 Johns Hopkins University, Baltimore, MD
- 6 University College London, London, UK

Redacted for Excerpt

Global tobacco deaths are high and rising. Tobacco use is primarily driven by nicotine addiction. Overall tobacco control policy is relatively well agreed upon but a long term nicotine policy has been less well considered and requires further debate. Reaching consensus is important because a nicotine policy is integral to the target of reducing tobacco caused disease, and the contentious issues need to be resolved before the necessary political changes can be sought. A long term and comprehensive nicotine policy is proposed here. It envisages both reducing the attractiveness and addictiveness of existing tobacco based nicotine delivery systems as well as providing alternative sources of acceptable clean nicotine as competition for tobacco. Clean nicotine is defined as nicotine free enough of tobacco toxicants to pass regulatory approval. A three phase policy is proposed. The initial phase requires regulatory capture of cigarette and smoke constituents liberalising the market for clean nicotine; regulating all nicotine sources from the same agency; and research into nicotine absorption and the role of tobacco additives in this process. The second phase anticipates clean nicotine overtaking tobacco as the primary source of the drug (facilitated by use of regulatory and taxation measures); simplification of tobacco products by limitation of additives which make tobacco attractive and easier to smoke (but tobacco would still be able to provide a satisfying dose of nicotine). *The third phase includes a progressive reduction in the nicotine content of cigarettes, with clean nicotine freely available to take the place of tobacco as society's main nicotine source.*

Abbreviations: FCITC, Framework Convention on Tobacco Control; FTND, Fagerstrom test for nicotine dependence; NRT, nicotine replacement therapy; SACTob, Scientific Advisory Committee on Tobacco Control (Underline, italic Added.)

Redacted for Excerpt

(Underline, italic Added.)



HOME HELP FEEDBACK SUBSCRIPTIONS ARCHIVE SEARCH SEARCH RESULT

Tobacco Control 2005;14:124-132
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RESEARCH PAPER

Estimating the health consequences of replacing cigarettes with nicotine inhalers

W Sumner, II

Correspondence to:
Walton Sumner II, Department of Medicine, Division of General Medical Sciences, Box 8005, 660 South Euclid Avenue, St Louis, MO 63110, USA;
wsumner@im.wustl.edu

Background: A fast acting, clean nicotine delivery system might substantially displace cigarettes. Public health consequences would depend on the subsequent prevalence of nicotine use, hazards of delivery systems, and intrinsic hazards of nicotine.

Methods: A spreadsheet program, DEMANDS, estimates differences in expected mortality, adjusted for nicotine delivery system features and prevalence of nicotine use, by extending the data available for nicotine delivery systems. DEMANDS estimates differences in expected mortality, adjusted for nicotine delivery system features and prevalence of nicotine use, by extending the data available for nicotine delivery systems. DEMANDS estimates differences in expected mortality, adjusted for nicotine delivery system features and prevalence of nicotine use, by extending the data available for nicotine delivery systems.

Redacted For Excerpt

Main outcome measures: Changes in years of potential life before age 85 (YPL85).

Results: If nicotine accounts for less than a third of smokers' excess risk of SAMMEC diseases, as it most likely does, then even with very widespread use of clean nicotine DEMANDS predicts public health gains, relative to current tobacco use. Public health benefits accruing from a widely used clean nicotine inhaler probably equal or exceed the benefits of achieving Healthy People 2010 goals.

Conclusions: Clean nicotine inhalers might improve public health as much as any feasible tobacco control effort. Although the relevant risk estimates are somewhat uncertain, partial nicotine deregulation deserves consideration as part of a broad tobacco control policy.

Total Cash & In Kind Contributions To 2001 Initiative 773:

Healthcare for Washington Working Families (Yes): \$1,452,322.59
No On I-773 Coalition: \$ 151,323.77

Ratio of Proponents to Opponents Contributions: 9.6:1

Source: Washington Public Disclosure Commission Reports

Financial Sponsors of I-773 had three significant vested interests:

1. Increases in cigarette prices create increases in NRT prices.
2. No youth smokers also equals no source consumers base for NRT.
3. Promoting cigarette tax increases benefits state revenue partners.

Advocates who advertised warnings about out-of-state tobacco companies spending millions to defeat I-773 raised \$1.4 million to assure it passed. Not only did tobacco companies fail to "spend millions" to defeat I-773 but the vast majority of cash to support the measure came from out-of-state special-interests with a vested-interest to increase cigarette prices so "Smoke Free" nicotine prices could also be raised through parity pricing.

Representative Contributions to I-773:

Community Health Network: \$135,000.00
Economic Opportunity Inst.: \$ 23,485.89
American Lung Association: \$131,448.27
American Heart Association: \$ 88,870.48
American Cancer Society: \$476,602.00
Campaign for Tob. Free Kids: \$258,162.00
Group Health Cooperative: \$ 50,031.54

Total Rep. Contributions: \$1,163,600.28

Percent Rep. Contributions: 80.1

Rep. RWJF Active Grants At Time of I-773:

American Cancer Society: \$ 1,057,959
Group Health Cooperative: \$ 8,803,416
Campaign Tob. Free Kids: \$50,000,000
I-773 contributor Subtotal: \$59,861,385

King County Dept. of Health: \$ 149,811
State of Washington:
Grant No. 032318 \$ 291,184
Grant No. 041391 \$ 228,548
Grant No. 024585 \$ 1,459,632
Wash. State & County Subtotal: \$ 2,129,175

Representative 17 2001 Active Grants to University of Washington (\$300,000+ only)

Representative RWJF Grants To I-773 Endorser American Association of Retired Persons (AARP):

Grant Amount: \$560,000 Grant No.: 038964
Project: Modern Maturity on End-of-Life Care
Dates: July 2000 to December 2000

Grant Amount: \$4,300,000 Grant No.: 042913
Project: Marketing Communications and Policy Component of Translating Research to Practice: Improving Physical Activity Levels of Mid-Life and Older Adults Through Social Marketing.
Dates: October 2001 to September 2005

I-773 Endorser Community Health Plan of Washington and Contributor Group Health Cooperative were part of a consortium of health care organizations that received January 2001 \$1.9 million Grant No. 045418 to Peace Health from the RWJ foundation.

Why we support I-773...

I-773 provides basic, no-frills healthcare and funds programs proven to reduce smoking — especially among youth — by raising tobacco prices.

- I-773's sponsors and supporters include: AARP Washington • American Cancer Society • American Heart Assoc. • American Lung Assoc. • Children's Alliance • Tobacco-Free Kids • WA Academy of Family Physicians • WA Assoc. of Churches • State Council of Fire Fighters • WA State League of Women Voters • State Nurses Assoc. • State PTA • and many others
- I-773 will provide healthcare to 50,000 currently uninsured people through the state's Basic Health Plan — health insurance our working families need in these uncertain times.
- I-773 will fund programs to reduce smoking, especially among children— programs that have been found effective by the U.S. Surgeon General.
- I-773 is vigorously opposed by "Big Tobacco." These are the same people who said tobacco doesn't cause cancer and that they don't market cigarettes to our children.

Warning to Washington Voters!

Huge out-of-state tobacco corporations will spend millions of dollars trying to defeat I-773. They know if you approve I-773 they'll sell fewer cigarettes to our children. Their adult customers are dying or quitting, so "Big Tobacco" needs kids to start smoking.

Join

Redacted For Excerpt
(See Page 22 For Additional Excerpt)

Philip Morris & Tobacco Control

By Norman E. Kjono

July 31, 2006

Tobacco control advocates often claim that the biggest of Big Tobacco, Philip Morris (stock symbol MO), is an arch-foe that seeks to torpedo core elements of Tobacco Control Enterprise objectives to increase taxes on cigarettes, to expand smoking bans, and to enact FDA regulation of tobacco.

A Tobacco Control Enterprise flow chart appears on page 2. Historical returns for Philip Morris and other tobacco companies stock are on page 3. Page 4 is a fact and news summary about Philip Morris. Pages 5 and 6 are research paper abstracts about replacing cigarettes with nicotine inhalers such as Philip Morris' Aria. Page 7 is the first page of Campaign for Tobacco Free Kids' April 2003 paper that advocates replacing tobacco settlement payments with new cigarette taxes. Page 8 presents the campaign's September 2005 announcement about cigarette tax increases. Pages 9 and 10 address Parity Pricing. Page 11 summarizes Sextuple Dipping in consumer's and tax payer's pockets. Page 12 provides a line item breakdown of cost and taxes per pack of cigarettes, including \$2.53 per carton taxes on taxes. The preceding strongly suggest comparison of Philip Morris and Tobacco Control Enterprise positions:

Tobacco Control Enterprise

1. Actively promotes smoking bans, funds smoking ban initiatives.
2. Advocates FDA regulation of tobacco.
3. Advocates cigarette tax increases.
4. Aggressively promotes the "fact" that nicotine is as addictive as heroin or cocaine.
5. Advocates reduction of nicotine content in tobacco products.
6. Distributes "Smoke Free" Nicotine Replacement Therapy delivery device products.
7. Profits from increased cigarette taxes through Parity Pricing increases for cost of NicoDerm CQ, Nicorette, etc.
8. Smoking bans support the market for "Smoke Free" nicotine delivery device products.
9. Benefits from a now-stabilized Current Smoker *source consumer base*.
10. Benefits from Campaign for Tobacco-Free Kids' advocacy to replace MSA payments with new cigarette taxes through Parity Pricing.
11. Funds tobacco control through Robert Wood Johnson Foundation grants and direct payments to tobacco control advocates.

Philip Morris

1. Supports smoking bans, did not oppose or fund opposition to Washington's I-901 2005 statewide smoking ban.
2. Supports FDA regulation of tobacco. Nicotine in Aria would not be reduced by FDA mandate to reduce nicotine in cigarettes.
3. Tepid response to cigarette tax increases, put about 5% of proponents' funding behind opposition to Washington's I-773 in 2001.
4. With product liability resolved now agrees nicotine is addictive.
5. Has NEXT® "De-nicotineized" cigarette brand, which a study published by the *Society for Research on Nicotine and Tobacco* says could be used *in conjunction with* Nicotine Replacement Therapy to *quit smoking*.
6. Announced in October 2005 its "Smoke Free" Aria nicotine inhaler delivery device that was reportedly developed in 1994.
7. Parity Pricing artificially inflates the cost of Aria inhaler, just as it does Nicotrol inhalers and nasal sprays, as well as Nicorette.
8. Smoking bans support the market for Philip Morris' "Smoke Free" Aria nicotine inhaler, plus UST Skoal and Taboka smokeless brands.
9. Benefits from a now-stabilized Current Smoker consumer base.
10. Benefits from Campaign for Tobacco-Free Kids' advocacy to replace MSA payments with new cigarette taxes through Parity Pricing for inhaler plus reduced tobacco settlement payments.
11. Funds tobacco control advocacy through MSA plus grants to universities for research.

We observe tobacco control advocates promoting and arguing for policy that directly supports Philip Morris' mercantile interests. The above common points of interest and advocacy establish that there is an agreement among delivery device competitors in the nicotine market. The agreement is to support tobacco control advocacy as implemented by the Tobacco Control Enterprise, by and through affiliated *private* organizations. Nicotine product manufacturers and distributors in both tobacco and non-tobacco segments of that market profit from participation in the enterprise. Such profits are realized at the intended expense of nicotine consumers and taxpayers.

**Comparative Economic Analysis
Cigarettes vs. Nicorette Gum, NicoDerm CQ Patch
Analysis Sheet 1**

	Marlboro Cigarettes		Nicorette Gum		NicoDerm CQ Patch		
	14-Jun-00	6-Jan-06	14-Jun-00	6-Jan-06	14-Jun-00	12-Jan-06	
	Change	Change %	Change	Change %	Change	Change %	
(1) Total Retail Cost	\$ 41.60	\$ 57.65	\$ 15.65	37.9	\$ 52.12	\$ 55.48	6.4
(1) Washington Sales Tax	\$ 3.31	\$ 4.68	\$ 1.35	40.8	\$ 4.13	\$ 4.49	8.7
Retail Price Before Sales Tax	\$ 38.49	\$ 52.98	\$ 14.50	37.7	\$ 47.99	\$ 50.99	6.3
(2) Federal Excise Tax	\$ 2.40	\$ 3.90	\$ 1.50	62.5	\$ -	\$ -	-
Retail Cost Before State Sales & Federal Excise Tax	\$ 36.09	\$ 49.08	\$ 14.50	40.2	\$ 47.99	\$ 50.99	6.3
(3) Washington State Excise Tax	\$ 8.25	\$ 20.25	\$ 12.00	145.5	\$ -	\$ -	-
(4) Master Settlement Agreement Charge	\$ 4.50	\$ 4.50	\$ -	-	\$ -	\$ -	-
Total State Nicotine Charges To Consumer	\$ 12.75	\$ 24.75	\$ 12.00	94.1	\$ -	\$ -	-
Base Product Retail Cost Per Carton/Box	\$ 23.34	\$ 24.34	\$ 1.00	4.3	\$ 47.99	\$ 50.99	6.3
(5) Total Revenue To State & Federal Government	\$ 18.46	\$ 33.31	\$ 13.35	72.3	\$ 4.13	\$ 4.49	8.7
Government Revenue Percent Total Retail Cost	44.2	57.8	13.6	30.8	7.9	8.1	2.5
(6) Total Units in Box/Carton	200	200	-	-	132	110	(16.7)
Total Retail Cost Per Unit (Cents)	20.90	28.83	7.93	37.9	39.49	50.44	10.950
Total Retail Cost Per Day	\$ 4.18	\$ 5.77	\$ 1.59	38.0	\$ 5.21	\$ 5.55	6.5
Base Product Retail Cost Per Unit (Cents)	11.67	12.17	0.50	4.3	36.36	46.35	9.99

(8) **Cigarette Tax and MSA Profit Advantage To "Smoke Free" Nicotine:**

Per Box of Nicorette, June 2000 vs. January 2006	\$ 15.15	\$ 28.65
Per Piece of Gum, June 2000 vs. January 2006 (Cents)	15.58	30.83
Per Patch, 2006 Only (Cents)	N/A	204.64
Cigarette sales taxes charged on excise taxes and MSA cost:		
Per Carton	\$ 1.30	\$ 2.52
Per Cigarette (Cents)	0.650	1.260

Footnotes:

- State sales tax on these products was 8.6 percent in 2000 and 6.8 percent 2006.
- Congressional Research Service reports that federal cigarette excise tax was 24 cents per pack 2000 and is 39 cents per pack 2006. Nicorette excise tax in 2000 and 2006 is zero.
- Tobacco Control 1-773 added 60 cents per pack new state cigarette tax in 2001 and Washington legislature added another 60 cents per pack tax in 2005
 - See Prospectus for Washington October 2002 \$517 million Tobacco Settlement Authority revenue bond offering page 68 regarding 1998 cigarette cost increases.
 - This was primarily due to a \$0.45 per pack increase in November 1998 intended to offset the costs of the MSA and the agreements with the Previously Settled States.*
 - See Prospectus for Washington October 2002 \$517 million Tobacco Settlement Authority revenue bond offering page 15 regarding who pays costs of MSA.
 - The settlement represents the resolution of a large potential financial liability of the PMs for smoking related injuries, the costs of which have been borne and will likely continue to be borne by cigarette consumers.*
- Total Revenue To State & Federal Government is the sum of federal excise tax, state excise tax, and Master Settlement Agreement costs.
- Nicorette purchased in 2000 had 132 pieces of gum, Nicorette purchased in 2006 had 110 pieces of gum. Cigarette carton was constant at 200 cigarettes, as is NicoDerm CQ at 14 patches.
- Please note reduction of gum in box from 132 to 110 pieces. If customer chews recommended 16 pieces per day per day, which creates higher per unit cost in addition to price increase.
- NicoDerm CQ is same retail price as Nicorette, but with 14 patches at one patch per day. Per day recommended use cost is less than 50 percent of Nicorette in 2006.
- Nicorette and NicoDerm CQ do not pay federal and state excise taxes or MSA costs that cigarette companies do. Consequently, those amounts flow directly to corporate bottom lines.
- Washington sales taxes are charged on federal excise taxes, state excise taxes, and MSA charges. This creates a hidden state "Tax on Tax" sales tax charge for cigarette consumers.

Cost Component	Marlboro		Nicorette	
	2000	% Chg.	2000	% Chg.
Base Prod.	\$ 23.34	4.3%	\$ 47.99	3.00
Sales Tax	\$ 3.31	40.8%	\$ 4.13	0.36
MSA Cost	\$ 4.50	0.0%	\$ -	N/A
Fed Excise	\$ 2.40	62.5%	\$ -	N/A
State Excise	\$ 8.25	145.5%	\$ -	N/A
Total Retail	\$ 41.80	37.9%	\$ 52.12	8.4%
Cost per Unit	\$ 0.2090	37.8%	\$ 0.2648	27.8%

The cost of Nicorette PER UNIT (piece of gum) increased by 10.66 cents from 2000 to 2006. At 110 units per box in 2006 the cost increase is 110 X 10.66 cents = \$11.73. A per unit cost analysis reveals that the 2006 cost of Nicorette increased from 2000 by nearly the precise amount of \$12 in new cigarette taxes added.

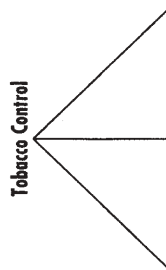
**Source: Page 22 From April 1993 Project ASSIST
"Planning For A Tobacco Free Washington"
(Underlines Added)**

two through seven of ASSIST, the coalitions will implement tobacco control activities that will be funded by ASSIST. The ASSIST resources will be used to build upon or enhance existing programs, not replace them.

- Basic principles of ASSIST:**
- Community involvement & ownership
 - Broad social & environmental change
 - Target high risk populations
 - Augment community & coalition resources

The ASSIST Strategy

Efforts in tobacco control in the 1970's and 1980's primarily raised public awareness about the health hazards of tobacco and offered cessation programs for those who wanted to quit. Over a decade of research by the National Cancer Institute has shown that the most effective way to reduce smoking rates is to decrease public tolerance of tobacco use through changes in policy, accompanied by media and educational programs.



Media Advocacy Policy Advocacy Program Services

Policy

Changing the public acceptance of tobacco use will require policy change, a critical ingredient of societal change. Public policies, formulated on the state or local level, can regulate where, when, and how tobacco can be used, sold, and purchased. ASSIST funds will be used to empower communities and agencies to adopt four types of tobacco control policies:

- increasing the price of tobacco products;
- increasing the number of smoke-free environments;
- restricting access and availability to tobacco products; and
- restricting tobacco advertising and promotion.

Media

Social change also requires that people receive consistent and persistent messages from sources they trust. To this end, ASSIST funds will generate a variety of media messages that will foster and strengthen public support for proposed policy changes.

Planning for a Tobacco Free Washington

Robert Wood Johnson Foundation Representative Grants
State of Washington and King County

ACTIVE GRANTS

Project: Reclaiming Futures: Communities Helping Teens Overcome Drugs, Alcohol & Crime
Grantee: Superior Court of the State of Washington for the County of King
Amount: \$100,000
Dates: Awarded on Mar 31, 2004, starting Apr 1, 2004 ending Mar 31, 2006 ID# 050826

ACTIVE GRANTS

Project: Reclaiming Futures: Communities Helping Teens Overcome Drugs, Alcohol & Crime
Grantee: Superior Court of the State of Washington for the County of King
Amount: \$1,000,000
Dates: Awarded on Mar 26, 2003, starting Apr 1, 2003 ending Mar 31, 2007 ID# 047637

GRANT DETAIL & CONTACT INFORMATION
Project: A Strategy for Child Health in Seattle-King County: Removing Categorical Barriers to Care
Grantee: Seattle-King County Department of Public Health (Seattle, WA)
Amount: \$ 498,026
Dates: September 1991 to August 1995
ID#: 018715

GRANT DETAIL & CONTACT INFORMATION
Project: Impact of Co-payments on Use of Smoking Cessation Services in an HMO
Grantee: Group Health Cooperative of Puget Sound (Seattle, WA)
Amount: \$ 169,737
Dates: September 1993 to March 1996
ID#: 022927

GRANT DETAIL & CONTACT INFORMATION
Project: Expansion of a Senior Wellness Program
Grantee: Senior Services of Seattle-King County (Seattle, WA)
Amount: \$ 749,380
Dates: July 2001 to December 2003
ID#: 041129

GRANT DETAIL & CONTACT INFORMATION
National Program: Improving Child Health Services: Removing Categorical Barriers to Care
Grantee: State of Washington, Department of Health (Olympia, WA)
Amount: \$ 1,303,503
Dates: May 1990 to October 1997
ID#s: 018804, 019690, 021203, PC219, 023455, 024762

GRANT DETAIL & CONTACT INFORMATION
Project: King County Blended Funding Project: Mental Health Services for Youth Project
Grantee: Puget Sound Educational Service District No. 121 (Burien, WA)
Amount: \$ 75,000
Dates: May 1996 to September 1997
ID#: 028673

GRANT DETAIL & CONTACT INFORMATION
Project: Seattle Indian Health Board
Grantee: Seattle Indian Health Board (Seattle, WA)
Amount: \$ 149,838
Dates: December 1993 to March 1996
ID#: 023259
Amount: \$ 863,678
Dates: April 1996 to June 2001
ID#: 028262

NOTE: The total for above RWJF Washington grants is \$4,909,162

The *Tacoma News Tribune* April 6, 2004 "Big Bucks Behind Tobacco War." Kenneth P. Vogel:

"Former U.S. Surgeon General C. Everett Koop is no longer on the air pitching a statewide indoor smoking ban, but questions linger about the \$100,000 advertising campaign. The questions are part of a wider debate about who's behind the increasingly tense tobacco war in Pierce County and statewide. Businesses that oppose smoking bans like the one in Pierce County allege that a state group funded mostly by an \$8 billion New Jersey foundation is violating state law by failing to report how much it received and spent on its effort to restrict smoking in Washington state. Anti-smoking advocates fire back that business interests fighting the ban are secretly doing the tobacco industry's bidding. . . . On the other side, Washington BREATHE, a coalition of health groups that started airing the Koop ads in January, received \$988,000 from the New Jersey-based Robert Wood Johnson Foundation in 2002." (Underline added.)

Tobacco Control Enterprise

Nicotine Products Advocacy, Promotion, Manufacturing and Distribution April 2006

"While it is unlikely that any of the major cigarette companies will declare bankruptcy, it is certain that the states can quickly and easily make up for any actual or possible reductions or delays to their settlement payments simply by increasing their cigarette tax rates. And parallel increases in their tax rates on other tobacco products would collect even larger settlement-replacement revenues. No matter what else happens, the addictive power of cigarettes ensures that large amounts of cigarettes will continue to be sold by someone in each state for many years to come. That means that the states can always replace any lost, reduced, or delayed tobacco settlement payments by raising their cigarette taxes. Put simply, the additional revenue per pack sold can easily make up for any declines in pack sales..."

Campaign for Tobacco-Free Kids April 8, 2003

"It's no wonder that 41 states have increased cigarette taxes since January 1, 2002, more than doubling the average state cigarette tax from 43.4 cents to 91.7 cents a pack."

Campaign for Tobacco-Free Kids September 9, 2005

"Americans think they have a lot of rights they really don't have. Smoking is one of those things where people think they have a right to smoke but you don't... it's an addiction."

Roger Valdez, Seattle-King County, Department of Public Health, January 18, 2006

"We offer a free nicotine patch program, and we are advocating for important changes in the law to mandate smoking cessation treatment on demand for those with health insurance and offer support for those with no coverage."

Roger Valdez, Seattle-King County Department of Public Health, February 1, 2006

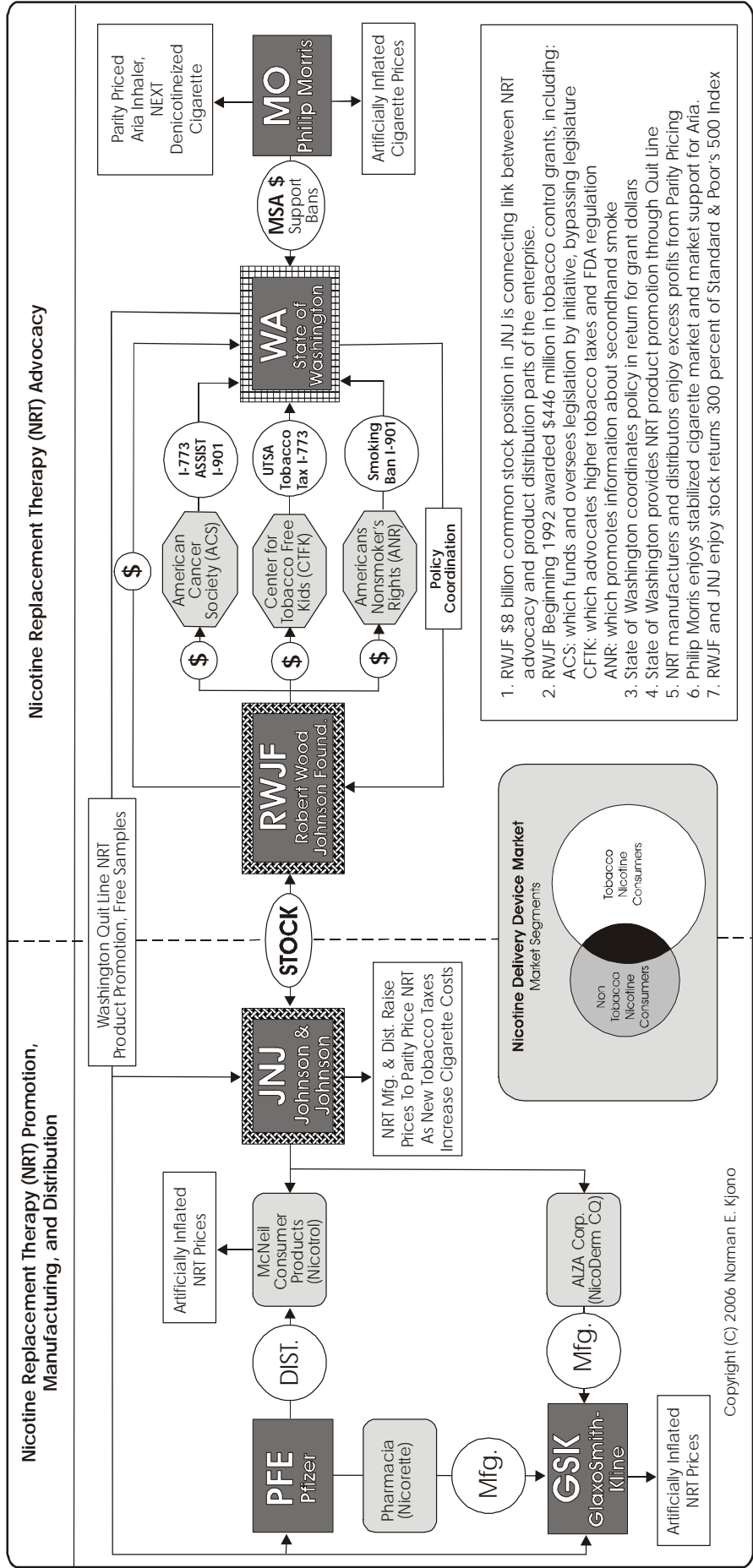
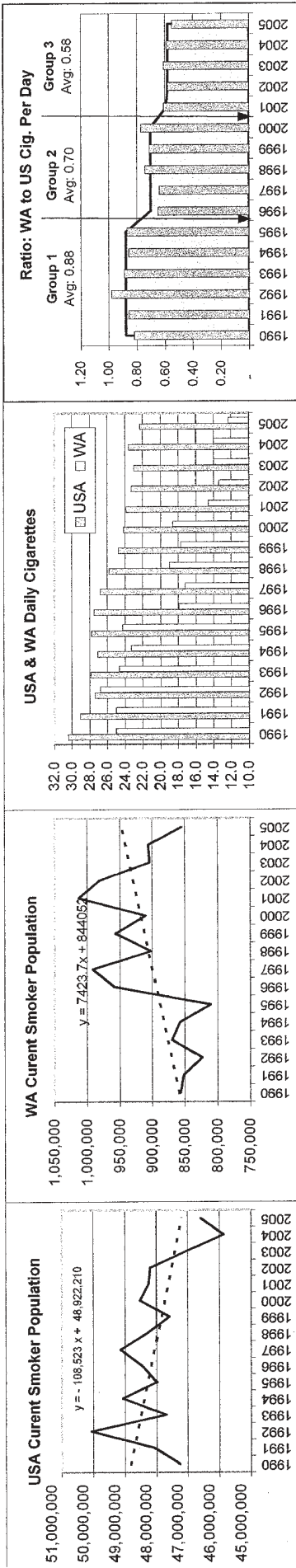


Table 1. Current Smoker Populations & Cigarettes Consumed: USA And State of Washington

State of Washington Data

Year	CDC			USA			USA			CDC			WA		
	U.S. Census 18+ (1000s)	U.S. Census % Current Smokers	Estimated U.S. Current Smoker Population	Total US Cigarette Consumption	USA Smokers Cigarettes Per Year	USA Smokers Cigarettes Per Day	U.S. Census 18+ (1000s)	U.S. Census % Current Smokers	Estimated WA Current Smoker Population	Total WA Cigarettes Sold	WA Smokers Cigarettes Per Year	WA Smokers Cigarettes Per Day	WA Ratio to USA	WA Smokers Cigarettes Per Day	WA Ratio to USA
1990	185,287	25.5	47,248,185	525,000,000,000	11,112	30.4	3,599,747	23.8	856,740	7,809,900,000	9,116	0.82	25.0	0.82	
1991	187,042	25.7	48,069,794	510,000,000,000	10,610	29.1	3,689,436	23.1	852,260	7,791,420,000	9,142	0.86	25.0	0.86	
1992	188,892	26.5	50,056,380	500,000,000,000	9,989	27.4	3,778,449	21.8	823,702	8,067,720,000	9,794	0.98	26.8	0.98	
1993	190,737	25.0	47,684,250	485,000,000,000	10,171	27.9	3,866,788	22.5	870,027	7,833,336,000	9,004	0.89	24.7	0.89	
1994	192,422	25.5	49,067,610	486,000,000,000	9,905	27.1	3,934,170	21.8	857,649	7,283,202,000	8,492	0.86	23.3	0.86	
1995	194,249	24.7	47,979,503	487,000,000,000	10,150	27.8	4,013,219	20.2	810,670	7,200,936,000	8,883	0.87	24.3	0.87	
1996	196,121	24.7	48,441,887	487,000,000,000	10,053	27.5	4,075,096	23.5	957,648	6,262,344,000	6,539	0.65	17.9	0.65	
1997	198,180	24.8	49,148,640	480,100,000,000	9,768	26.8	4,148,541	23.9	991,501	6,231,636,000	6,285	0.64	17.2	0.64	
1998	200,344	24.1	48,282,904	455,000,000,000	9,424	25.8	4,214,300	21.4	901,860	6,255,758,000	6,937	0.74	19.0	0.74	
1999	202,491	23.5	47,585,385	429,900,000,000	9,034	24.8	4,270,021	22.4	956,485	6,181,847,500	6,463	0.71	17.7	0.71	
2000	209,128	23.2	48,517,696	428,500,000,000	8,832	24.2	4,397,590	20.7	910,301	6,184,704,000	6,794	0.77	18.6	0.77	
2001	212,490	22.7	48,235,230	421,500,000,000	8,738	23.9	4,483,246	22.6	1,013,214	5,389,320,000	5,319	0.61	14.6	0.61	
2002	215,127	22.4	48,188,448	409,700,000,000	8,502	23.3	4,561,293	21.5	980,678	4,806,888,000	4,902	0.58	13.4	0.58	
2003	217,766	21.6	47,037,456	394,900,000,000	8,395	23.0	4,634,104	19.5	903,650	4,825,611,000	5,119	0.61	14.0	0.61	
2004	219,418	20.9	45,858,362	395,300,000,000	8,620	23.6	4,717,768	19.2	905,811	4,631,244,000	5,113	0.59	14.0	0.59	
2005	222,940	20.9	46,594,460	378,600,000,000	8,125	22.3	4,803,394	17.8	855,004	3,823,976,000	4,472	0.55	12.3	0.55	
Change:	37,653	(4.6)	(653,725)	(146,400,000,000)	(2,987)	(8.1)	1,203,647	(6.0)	(1,736)	(3,965,924,000)	(4,844)	(0.27)	(12.7)	(0.27)	
Percent:	20.3	(18.0)	(1.4)	(27.9)	(26.9)	(26.6)	33.4	(25.2)	(0.2)	(51.0)	(50.9)	(50.8)	(50.8)	(32.93)	



Smokers 922,252 Cig./Per Day 22.3 Total Sales 20,566,220 Days in Year 365 WA Excise 7,506,670,300 Packs/Year 375,333,515 WA Excise 2,025
 922,252 Cig./Per Day 12.3 Total Sales 11,343,700 Days in Year 365 Revenue Difference: 4,140,450,500 Cigarettes 207,022,525 Revenue Difference: 340,829,755 Cigarettes

State Revenue at USA Average Cigarette Consumption 760,050,368
 State Revenue at WA Average Cigarette Consumption 419,220,613
 Revenue Lost Due To Tax Policy, Bans, Tribal, Borders, NRT, and Smuggling? 340,829,755

Sources:
 1. US adults 18+: US Census estimates 1990-2000, projections 2001-2005
 2. CDC US Adult % Current Smokers: Centers for Disease Control US Adult Behavioral Risk Factor Surveillance System
 3. Estimated US Current Smoker Population: Adults 18+ X % Current Smokers
 4. Total US Cigarette Consumption: National Association of Attorneys General March 8, 2006 Press Release
 5. USA Smokers Cigarettes Per Year: Total US Cigarette Consumption/Estimated Current Smoker Population
 6. USA Smokers Cigarettes Per Day: USA Smokers Cigarettes Per Year/365

1. WA adults 18+: US Census state population estimates 1990-2000, projections 2001-2005 by state
 2. CDC WA Adult % Current Smokers: Centers for Disease Control and Prevention "State and Sex Specific Characteristics Behavioral Risk Factor Surveillance System"
 3. Estimated WA Current Smoker Population: Adults 18+ X % Current Smokers
 4. Total WA Cigarette Consumption: Based on Fiscal Year 20 and 25 stamped packs sold in Washington 1990-2005 (excludes tribal sales), Washington Department of Revenue Public Information Office June 26, 2006
 5. WA Smokers Cigarettes Per Year: Total WA Cigarette Consumption/Estimated Current Smoker Population
 6. WA Smokers Cigarettes Per Day: WA Smokers Cigarettes Per Year/365