

TOBACCO & VAPING 101: ALASKA



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Combustible cigarette use among American youth and adults has reached all-time lows, but many policymakers are concerned with the increased use of electronic cigarettes and vapor products, especially among youth and young adults.

This paper examines smoking rates among adults in the Last Frontier, youth use of tobacco and vapor products, and the effectiveness of tobacco settlement payments, taxes, and vapor products on reducing combustible cigarette use.

TAXPAYERS PROTECTION ALLIANCE

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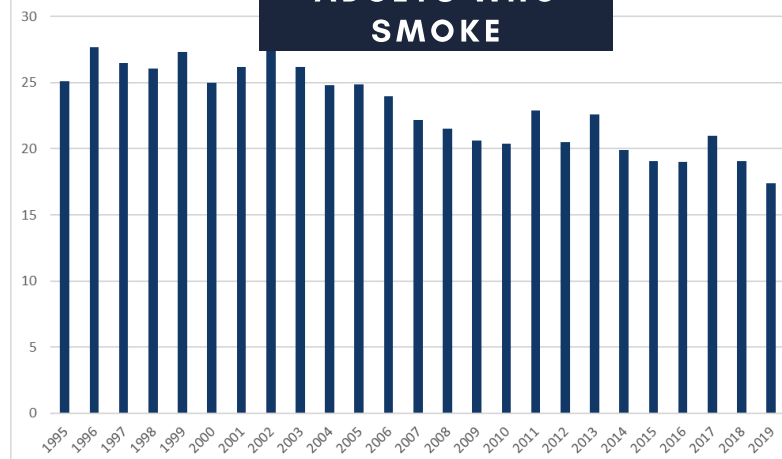
ADULT SMOKING RATES

In 1995, 25.1 percent^[1] of Alaskan adults smoked combustible cigarettes, amounting to approximately 151,707 adults.^[2] In 1995, among all adults, 22.3 percent (134,784 adults) reported smoking every day.

In 2019, 17.4 percent of adults in the Last Frontier were current smokers, amounting to 95,971 smokers. Further, 12.1 percent of Alaskan adults (66,739) were daily smokers in 2019.

Among Alaskan adults, current smoking decreased by 30.7 percent between 1995 and 2019. Moreover, there are there are an estimated 42,470 fewer smokers in 2019, compared to 1995, and 56,259 fewer daily smokers.

PERCENTAGE OF ADULTS WHO SMOKE



AMONG ALASKAN ADULTS, CURRENT SMOKING DECREASED BY 30.7 PERCENT BETWEEN 1995 AND 2019.



YOUTH COMBUSTIBLE CIGARETTE USE HAS DECREASED 77 PERCENT SINCE 1992.

YOUTH TOBACCO AND VAPING RATES

The most recent data on youth tobacco and vapor product use in Alaska comes from the 2019 Youth Risk Behavior Survey.^[3] In 2019, 45.8 percent of Alaskan high school students reported ever-trying e-cigarettes, 26.1 percent reported past 30-day use, and 4.5 percent reported using vapor products daily.

It is worthy to note that youth combustible cigarette use is at an all-time low. In 2019, 27.5 percent of Alaska high school students reported ever trying cigarettes, a 62 percent decrease from 1995 when 72.1 percent of high school students had tried cigarettes. Further, past 30-day use of combustibles has decreased by 77 percent, from 36.5 percent in 1991, to 8.4 percent in 2019. Daily cigarette use has decreased by 95 percent, from 16 percent of high school students that reported daily cigarette use in 1991 to 0.8 percent in 2019.



CIGARETTE TAX REVENUE

Between 1999 and 2019, Alaska collected an estimated \$1.08 billion in cigarette taxes.[4] During the same 20-year period, the Last Frontier increased the tax rate on cigarettes three times, which has not led to a significant increase in revenue in the long-term.

In 2005, the cigarette tax rate increased by \$0.60 per pack, from \$1.00 to \$1.60. The rate increased by \$0.20 in 2006, to \$1.80 per pack, and increased by \$0.20 again in 2007, to \$2.00 per pack. The final rate is a 100 percent increase from pre-2005 tax rates.

In 2008, Alaska collected \$63.8 million in cigarette tax revenue, a 55.6 percent increase from 2004, when the state collected \$41 million in cigarette taxes. Despite the tax increases, since 2008 Alaska has lost, on average, 3.2 percent of tobacco tax revenues annually. Further, in 2019, Alaska collected only \$44.5 million in cigarette taxes, or only an 8.5 percent increase from 2004 cigarette tax revenue.

BETWEEN 1999 AND 2019, ALASKA COLLECTED AN ESTIMATED \$1.08 BILLION IN TOBACCO TAXES.

MASTER SETTLEMENT AGREEMENT

In the mid-1990s, Alaska sued tobacco companies to reimburse Medicaid for the costs of treating smoking-related health issues. And, in 1998 with 45 other states, Alaska reached “the largest civil litigation settlement in U.S. history” through the Master Settlement Agreement (MSA).[5]

Under the MSA, states receive annual payments – in perpetuity – from the tobacco companies, while relinquishing future claims against the participating companies. Between 1998 and 2020, Alaska collected \$589.2 million in MSA payments. [6]



BETWEEN 1998 AND 2020, ALASKA RECEIVED AN ESTIMATED \$589.2 MILLION IN MSA PAYMENTS.

VERY LITTLE TOBACCO CONTROL FUNDING

Tobacco taxes and tobacco settlement payments are justified to help offset the costs of smoking, as well as prevent youth initiation. Like most states, Alaska spends very little of existing tobacco moneys on tobacco control programs – including education and prevention.

Between 2000 and 2019, Alaska allocated only \$143.9 million towards tobacco control programs. [7] This is only 14 percent of what Alaska collected in cigarette taxes in the same 19-year time span and only 26 percent of MSA payments. In total, in 19 years, Alaska allocated only 9 percent of what the state received in tobacco taxes and settlement payments towards tobacco education and prevention efforts.

***IN 20 YEARS, ALASKA
ALLOCATED ONLY 9
PERCENT OF TOBACCO
SETTLEMENT PAYMENTS
AND TAXES ON
PROGRAMS TO PREVENT
TOBACCO USE.***

VAPOR PRODUCT EMERGENCE CORRELATES WITH LOWER YOUNG ADULT SMOKING

Electronic cigarettes and vapor products were first introduced to the U.S. in 2007 “and between 2009 and 2012, retail sales of e-cigarettes expanded to all major markets in the United States.”[8] Examining data from the Centers for Disease Control and Prevention’s Behavioral Risk Factor Surveillance Survey finds that e-cigarettes’ market emergence has been more effective than MSA payments in reducing smoking rates among young adults in Alaska.

In 1999, among current adult smokers in Alaska, 38.3 percent were 18 to 24 years old. In 2009, this had decreased by 39.4 percent to 23.2 percent of adult smokers in Alaska being

between 18 to 24 years old. And, 10 years after e-cigarette’s market emergence in 2009, smoking rates among current smokers aged 18 to 24 years old decreased by 39.2 percent. Indeed, in 2019, only 14.1 percent of current smokers were 18 to 24 years old.

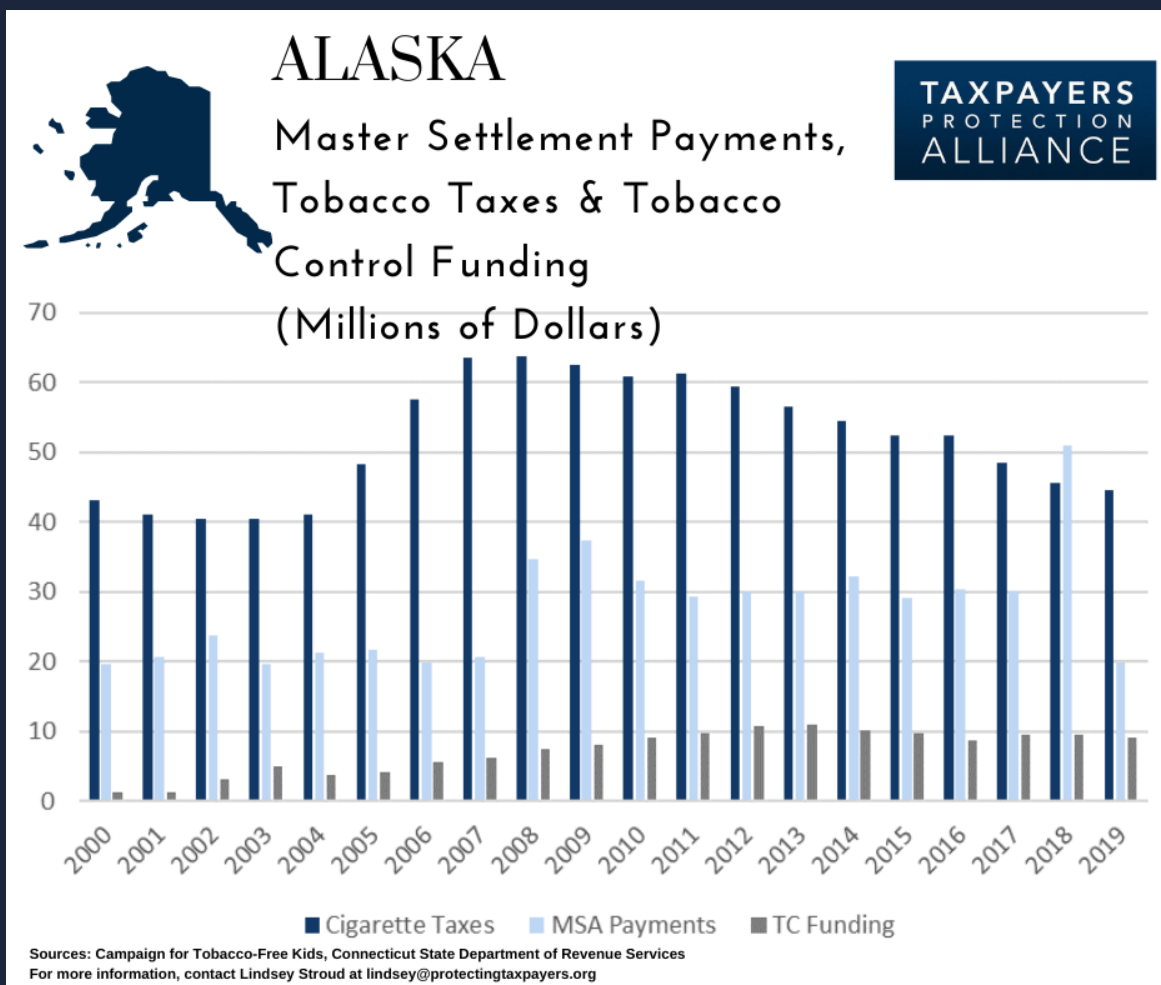
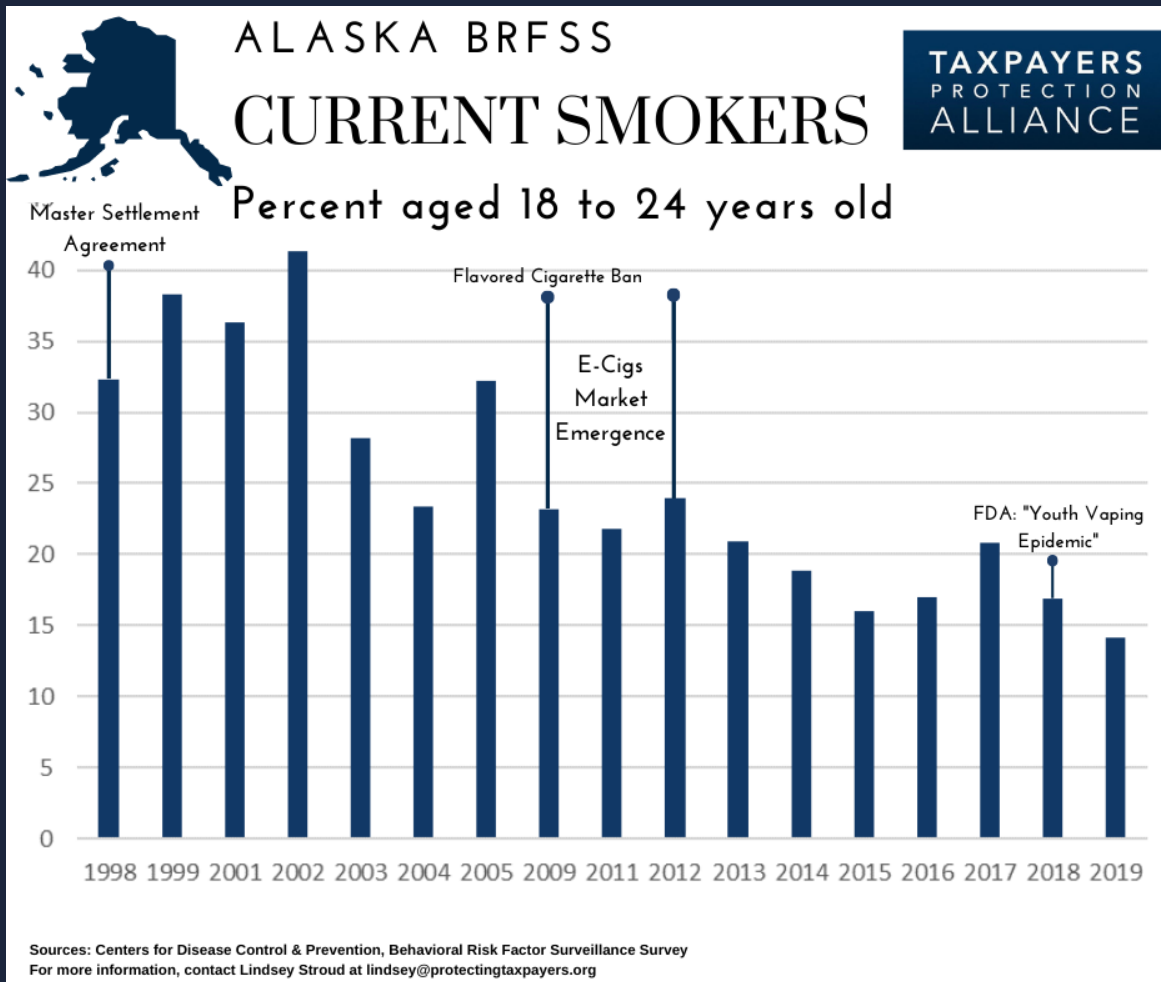
Interestingly, e-cigarettes’ market emergence was associated with a larger decline in average annual percent decreases. Between 1998 and 2009, the percentage of current smokers aged 18 to 24 years old decreased on average 1.7 percent each year. Between 2009 and 2019, annual percentage declines average at 4.5 percent.

***10 YEARS AFTER E-CIGARETTES’ MARKET EMERGENCE IN 2009,
SMOKING RATES AMONG CURRENT SMOKERS AGED 18 TO 24
YEARS OLD DECREASED BY 39.2 PERCENT.***

POLICY IMPLICATIONS:

- In 2019, 17.4 percent of Alaska adults smoked combustible cigarettes, a 30.7 percent decrease from 1995. Youth combustible use has decreased by 77, from 36.5 percent of high school students smoking cigarettes in 1991, to 8.4 percent in 2019.
- Alaska spends very little on tobacco control programs, including prevention and education. In 20 years, the Last Frontier allocated only \$143.9 million toward tobacco control programs. During the same period, Alaska received \$1.08 billion in cigarette tax revenue and \$567.8 million in tobacco tax settlement payments.
- E-cigarettes appear more effective than MSA payments in reducing smoking rates among young adults in Alaska.
- Between 1998 and 2009, the percentage of current smokers aged 18 to 24 years old decreased on average 1.7 percent each year. Between 2009 and 2019, annual percentage declines average at 4.5 percent.







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ABOUT

The Taxpayers Protection Alliance (TPA) is a rapid response taxpayer and consumer group dedicated to analyzing and researching the consequences of government intervention in the economy. TPA examines public policy proposals through a non-partisan focus, identifying how government waste and overreach impacts taxpayers and consumers regardless of the political party responsible. TPA holds government officials in the United States (and around the world) accountable through issue briefs, editorials, statements, coalition letters, public interest comments, and radio and television interviews. TPA recognizes the importance of reaching out to concerned citizens through traditional and new media, and utilizes blogs, videos, and social media to connect with taxpayers and government officials. While TPA regularly publishes exposés and criticisms of politicians of all political stripes, TPA also provides constructive criticism and reform proposals based on market principles and a federalist philosophy. TPA empowers taxpayers and consumers to make their opinions known to their elected and non-elected officials and embraces bold solutions to hold an ever-growing government in check.

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