

PostScript

LETTERS

Taxing moist snuff by weight ain't worth spit

Moist snuff has been traditionally taxed in US states using an ad-valorem tax (ie, percentage of price).¹ There is a movement afoot to change the taxation of moist snuff, from an ad-valorem to a weight-based system, and appears to be primarily promoted by US Smokeless Tobacco (UST).^{2,3} Effective 1 August 2006, moist snuff in New Jersey, previously taxed at 30% of the wholesale price, is now taxed by weight. The key rationale for the change was to reduce youth access to these products, on the basis of the assumptions that cheaper products are more attractive to youth and market share of these cheaper (ie, deep-discount) brands has grown considerably. The new tax, suggested to raise an additional \$2 million in revenue, was introduced during the state's struggle to balance the FY2007 budget.

We showed that the policy is flawed, fiscally and philosophically. Using ACNielsen data for New Jersey sales of moist snuff, we estimated tax revenue on the basis of consumption patterns using the old and new tax formulas. The 1.2 ounce comprised 90% of the moist snuff market and UST dominated, particularly in the premium product category, which made up 96% of sales. As the new taxation policy does increase the excise tax on deep-discount brands, it reduced tax revenues from premium products (table 1). A commonly held tenet in tobacco control is that increases in excise taxes result in reduced consumption and increased revenues.⁴ However, even if we assume New Jersey consumption stays static, the new tax will not only fall short of the projected additional revenue, but also generate less revenue than under the previous ad-valorem tax. Given the dominance of premium products

in the market, consumption of these products would have to increase to prevent a loss of revenue.

Although a prime rationale for the taxation change was to raise the price of cheap snuff, thus discouraging youth from buying it, most of the youth who use moist snuff use premium brands. Indeed, data from the 2004 NSDUH show that more than two thirds of youth snuff users reported usual use of premium, not discount brands, in particular UST's Skoal (40.3%), and Copenhagen (23.6%).⁵ This mirrors cigarette use in youth where premium products (eg, Marlboro) dominate the market, whereas discount brands have little market share.^{5,6}

Superficially, it appears that New Jersey's change from a relatively low ad-valorem tax to a high weight-based moist snuff tax would be beneficial. However, we show that taxing moist snuff by weight has numerous disadvantages. It likely will not produce the added income promised by its supporters. And it protects the manufacturer from the effect of ad-valorem taxes on increases via wholesale price or inflation.⁷ Most importantly, the benefits to tobacco control are suspect; the new system effectively reduces the price on the premium brands that most people, including youth, use. Policymakers and tobacco control advocates need to carefully consider the effect of these taxes and not be duped into endorsing what superficially seems to be a good thing.

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Exploring the seasonality of cigarette-smoking behaviour

Seasonality has become a factor in the once-stable tobacco industry ... with so many indoor smoking bans right across the country; smokers have more chance to smoke in the warm-weather months.—John Barnett, CEO of Rothmans Inc

Seasonality has been shown to influence cigarette sales during certain times of the year.¹⁻³ Although seasonality is a relevant issue to tobacco control, little research has explored factors that contribute to seasonality.^{1,3,4} Some of the proposed reasons for seasonal effects include tax increases, weather conditions and timing of quitting efforts (eg, New Year's resolutions).¹⁻³ Thus, we further examined factors believed to contribute to the effect of seasonality on cigarette consumption.

Monthly cigarette sales were obtained from the New Jersey Department of Revenue for fiscal years 1999–2006, and data on monthly weather patterns were obtained from the office of the New Jersey State Climatologist for the same period. We conducted a stepwise multilinear regression to examine the effect of average monthly temperature, number of days per month with temperatures below freezing, number of days in the month and tax rates on monthly cigarette sales.

Consistent with previous research,¹ we found that in New Jersey, during the time period examined, February had the lowest average monthly cigarette sales (240 million),⁵ whereas June had the highest average monthly cigarette sales (329 million).⁵ It is important to note that New Jersey raised the state cigarette excise tax

Table 1 Sales of 1.2 oz cans of moist snuff sold in New Jersey during FY2005 by brand and estimated tax revenue by ad-valorem and weight

	Unit sold	Market share (%)	Average wholesale price*	Estimated tax revenue at 30% wholesale	Estimated tax revenue at \$0.75 per oz.
Premium					
Skoal†	1330 414	58.70	\$3.17	\$1 265 224	\$1 197 373
Copenhagen†	480 868	21.20	\$3.17	\$457 305	\$432 781
Kodiak	345 601	15.30	\$3.14	\$325 556	\$311 041
Hawken	26 013	1.10	\$3.18	\$24 816	\$23 412
Value					
Timber wolf	32 056	1.40	\$1.61	\$15 483	\$28 850
Cougar	15	0.00	\$2.08	\$9	\$14
Deep discount					
Grizzly	40 120	1.80	\$1.17	\$14082	\$36 108
Kayak	139	0.00	\$0.81	\$34	\$125
Longhorn	7406	0.30	\$0.87	\$1933	\$6665
Husky†	3052	0.10	\$1.2	\$1099	\$2747
Total				\$2 105 542	\$2 039 116

*Averaged over 4 wholesale distributors.

†UST product.

Source: ACNielsen Market Scanner Data.

Table 1 Multiple linear regression for monthly cigarette tax stamps or sales, 1999–2006

Predictor variables	Outcome = monthly cigarette sales	
	Unstandardised β	Standardised β
Intercept	2574105.8	
Average daily temperature	123746.2	0.261**
Excise tax	-8721370.0	-0.825**
Number of days in the month	1280219.4	0.142**
		Adjusted $R^2=0.779$

** $p<0.00$

three consecutive times; each increase coincided with the beginning of fiscal years 2003, 2004 and 2005. Thus, high rates in June and lower rates in July (292 million)⁵ may be attributed to wholesale distributors ‘hoarding’ cigarettes in June in anticipation of higher prices in July when new tax increases take effect.

All correlations between monthly cigarette sales and the predictor variables were significant; the strongest correlation was for excise tax rate ($r = -0.826$, $p < 0.00$). In the regression, cigarette excise tax rate remained the strongest predictor of cigarette sales, followed by the average daily temperature and the number of days in the month, which were also significant (table 1).

These results further support the notion that the recent increases in indoor air restrictions, which force smokers outdoors to smoke,⁶ may contribute to the seasonal changes in cigarette-smoking behaviour. Our findings point to the importance of controlling for the number of days in a month when examining seasonality. Previous research suggested that February, a winter month in the northern hemisphere, had the lowest cigarette consumption, but February also has the distinction of being the month with the fewest days. Thus, February’s status as the month with the lowest cigarette sales¹ may be because of the weather conditions and also because it has fewer days for distributors to purchase tobacco. Although these data are limited to New Jersey for the period 1999–2006, these results are consistent with previous research^{1–4} and add to the evidence that cigarette-smoking behaviour has a seasonality component.

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Flavoured tobacco products with marijuana names

Flavoured tobacco products with marijuana names are sold in gas (petrol) stations in the US. The terms kush and purple haze are common names for marijuana. In addition, many rap artists are using these names in their music to describe specific types of marijuana.

The tobacco products are called blunt wraps. Blunt wraps are similar to cigarette-rolling papers, but are made of tobacco. The tobacco companies selling the products are Royal Blunts (www.royalblunts.com) and True Blunts (www.trueblunt.com), subsidiaries of



Figure 1 Blunt wrap packaging for True Blunts’s kush (left) and Royal Blunts’s purple haze (right). The products were obtained from a BP Amoco gas station located in Chamblee, Georgia, USA. Photograph provided by George Crawford.

New Image Global Incorporated (http://www.newimageglobal.com). The brands include True Blunts’s kush and Royal Blunts’s purple haze (fig 1). Kush is slang for Hindu kush, a type of marijuana. Purple haze is slang for a type of marijuana that is purple in colour. According to the companies, kush has a citrus fruit flavour and purple haze has a grape flavour.

It is widely known among youth that marijuana smokers use blunt wraps to roll cigars filled with marijuana.

Rappers use the terms kush and purple haze (purp, purple and haze) in their music to describe marijuana. In ‘Snap Ya Fingers Remix’, Rapper Sean Paul says, ‘rollin’ up tha kush’. In ‘Top Back’, Rapper TI says ‘on this purp I blow’.

It seems that the New Image Global company is working to make marijuana names and their tobacco brand names synonymous, thus linking two behaviours.

Tobacco control advocates should collaborate with policymakers and anti-drug advocates in an effort to prohibit or regulate the sale of tobacco products with marijuana names.

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Access to cheaper cross-border cigarettes may decrease smoking cessation intentions in Germany

When cigarette prices increase, some smokers reduce the number of cigarettes they smoke or try to quit, whereas others switch to cheaper brands or tobacco products.^{1–4} Another way of avoiding an increase in cigarette price is to purchase cigarettes in other countries where prices are lower. Cross-border shopping of cigarettes is attractive for smokers in Germany because it is centrally located in Europe and cigarettes are more expensive in Germany compared with some neighbouring countries. In December 2004 and September 2005, the German government increased cigarette excise tax by € 1.2 cent per cigarette in each case. The purpose of this study was to test the hypothesis that access to cheaper cigarettes through cross-border shopping may decrease smokers’ intention to change smoking behaviour before these price increases.

Computer-assisted face-to-face interviews with a representative sample of the German population were carried out. A total of 6126 people aged 14–93 years were interviewed in November 2004 and August 2005 before each tax increase. As the surveys were identical, both samples were analysed together. The mean sample age was 47.27 years (standard deviation 17.69), with 53.59% women and 1868 (30.49%) reporting to be smokers.

Smokers were asked whether the upcoming tax increase would be a reason to reflect on their smoking behaviour, whether they intended to reduce smoking, quit smoking, switch to a cheaper brand or not to change their behaviour, and where they purchased cigarettes. Those who reported purchasing cigarettes in foreign countries were classified as cross-border shoppers.