

PHOTOCOPY
PRESERVATION

Time 20-
BUDGET
BUDGET

PRESIDENT CLINTON AND VICE PRESIDENT GORE TAKE NEW STEPS TO REDUCE YOUTH SMOKING AND HOLD THE TOBACCO INDUSTRY ACCOUNTABLE

February 4, 2000

Today, the White House announced that the Administration's budget will include important new steps to reduce youth smoking and hold the tobacco industry accountable. Every year, more than 400,000 Americans die from tobacco-related diseases; nearly 90 percent of them started smoking as children. To address this, one of our most serious public health concerns, the Administration will propose to:

Cut youth smoking in half by holding the tobacco industry accountable. The Administration's budget will cut youth smoking in half by charging the tobacco industry an assessment for every underage smoker. These youth smoking assessments will provide a strong incentive for tobacco companies to reduce sales to minors and eliminate advertising encouraging children to smoke. The \$3,000 assessment for every smoker under age 18 will be put in place starting in 2004 only if youth smoking has not been cut in half and would remain in effect until the youth smoking reduction goal has been met. This \$3,000 annual assessment represents twice the lifetime profits the industry is expected to make from hooking a teen on cigarettes. This policy will significantly reduce youth smoking when combined with the price increases and public health initiatives underway as a result of the 1998 state tobacco settlement and other federal, state, and local efforts.

In addition to the youth smoking assessments, the Administration's budget includes a 25 cents per pack excise beginning in FY 2001, to raise further the price of tobacco products from the 45 cent increase agreed to by the states and the industry in 1998. This increase will help reduce youth smoking and help achieve the Administration's goal of cutting youth smoking in half. Public health experts agree that raising the price of cigarettes cuts youth smoking and recent surveys of youth smoking released by independent experts indicate youth smoking rates have started to decline since recent price increases were put in place. In addition to raising the price of cigarettes by 25 cents a pack, the Administration's budget will include comparable increases in the price of other tobacco products such as smokeless tobacco and cigars, and will move an already legislated 5 cents per pack cigarette increase from January 1, 2002 to October 1, 2000.

Help current smokers quit. The Administration's budget will take an important step to improve the health of low-income Americans by ensuring they have access to drugs to help them quit smoking. The Administration's budget will ensure every state Medicaid program covers both prescription and non-prescription smoking cessation drugs, removing a special exclusion now in law and requiring states to cover these drugs as they cover all other FDA-approved drugs. The federal government would provide the usual federal match for these costs, as it does for other Medicaid expenses, and states could use proceeds from the 1998 tobacco settlement or other funds to pay their share. Medical research shows that smoking cessation products greatly increase success rates for those trying to quit smoking, and that quitting has major and immediate health benefits for smokers of all ages. Through this proposal, the Administration will ensure millions of low-income Americans have access to medical treatments that will help them break their addiction to tobacco, at a federal cost of \$66 million over the next five years.

Support state and community efforts to prevent youth smoking. The Administration's budget will help support tobacco prevention programs in states and local communities through \$106 million in resources for the Centers for Disease Control and Prevention (CDC). This funding, a ten-fold increase over 1993 levels, will enable the CDC to work with states and communities to help them put in place effective programs to prevent tobacco use, particularly among children. This effort is critically important as states begin to decide how to spend the \$246 billion they will receive over the next 25 years from the 1998 settlement with the tobacco industry.

Help enforce laws preventing minors from purchasing tobacco products. The Administration's budget will include \$39 million for the Food and Drug Administration to help enforce the laws preventing youth under age 18 from purchasing tobacco products. Currently federal law requires every state to prohibit minors from purchasing tobacco products, and federal regulations ensure retailers check photo i.d.s of young people who try to purchase them. These funds will help the FDA work with the states and with retailers to enforce these laws, by providing retailers with informational materials to help them explain the rules to customers and by conducting random checks of retailer compliance.

Support the Food and Drug Administration (FDA)'s full authority to keep cigarettes out of the hands of children. The Administration supports full FDA authority to regulate tobacco products in order to halt advertising targeted to children and to curb minors' access to tobacco products. In 1996 the Administration put forward a comprehensive regulation to protect children from tobacco, which the tobacco industry challenged in court. The Administration remains fully committed to the FDA rule.

Recover tobacco-related health care costs. The Administration firmly supports the Department of Justice's litigation to recover federal tobacco-related health costs, and his budget contains funds to pay the necessary legal costs. In addition to any remedies imposed by the court to advance public health, recoveries from the litigation will be used to assist tobacco farmers and their communities, to pay federal tobacco related health costs, and to enhance the security of Medicare and Social Security for future generations.

Protect farmers and farming communities. This Administration is committed to protecting tobacco farmers and their communities. The Administration fully supports the \$5 billion settlement to compensate tobacco farmers, which was agreed to by the states and industry in 1998, as well as the \$328 million included in the Agricultural Appropriations bill for FY 2000, and is committed, as any federal litigation moves to judgment or settlement, to ensure funds are set aside for the financial security of tobacco farmers and their communities.