A decorative graphic is present on the page. It features a large, thin, yellow arc that starts near the top right and curves down towards the bottom right. A horizontal line and a vertical line intersect at the end of this arc, with a small yellow square at the intersection point. Another small yellow square is located at the bottom right corner of a green rectangular area in the top left corner of the page.

**Funding Health and  
Long-Term Care:  
A Survey on Increasing  
North Carolina's  
Cigarette and Alcohol Taxes**

Published May 2002



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A Survey on Increasing North Carolina's  
Cigarette and Alcohol Taxes**

**Data Collected by Southeastern Institute of Research, Inc.  
Report Prepared by  
Rachelle Cummins**

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AARP is a nonprofit, nonpartisan membership organization for people 50 and over. We provide information and resources; advocate on legislative, consumer, and legal issues; assist members to serve their communities; and offer a wide range of unique benefits, special products, and services for our members. These benefits include AARP Webplace at [www.aarp.org](http://www.aarp.org), *AARP Modern Maturity*, and *My Generation* magazines, the monthly *AARP Bulletin*, and a Spanish-language newspaper, *Segunda Juventud*. Active in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP celebrates the attitude that age is just a number and life is what you make it.

### **Acknowledgements**

AARP staff from the North Carolina State Office, State Affairs, and Knowledge Management contributed to the design and implementation of this study. Special thanks go to AARP staff including Robert Jackson, North Carolina State Office; Helen Savage, North Carolina State Office; Van Ellet, State Affairs; Clare Hushbeck, State Affairs; David Baer, Public Policy Institute; Gretchen Straw, Knowledge Management; Joanne Binette, Knowledge Management; Erica Dinger, Knowledge Management; and Cheryl Barnes, Knowledge Management. John Fries of Southeastern Institute of Research insured a timely and high quality survey. Rachelle Cummins, AARP Knowledge Management, managed all aspects of the project and wrote the report. For more information, contact Rachelle Cummins at (202) 434-6297.

## Background

Like many states, North Carolina is experiencing an economic downturn and a rise in health care costs. These and other factors including the costs of two large lawsuits and a hurricane create a \$1.5 billion shortfall in the State budget. To help balance the State budget, the State is recommending over \$330 million in spending cuts from health and long-term care services. This budget includes medical care for children and long-term care services for older persons and those with disabilities in nursing homes and at home. More cuts are expected.

Concerned about the current and future health and long-term care needs of North Carolinians, AARP is examining ways to increase state revenue. North Carolina could generate money for health and long-term care services by increasing its State cigarette tax or by adding a designated tax on alcohol.

Currently, there is a 5-cent tax on a pack of cigarettes in North Carolina. This tax is the third lowest in the country and was last increased in 1991.<sup>1</sup> By increasing the cigarette tax from 5 cents to 30 cents, North Carolina could generate about \$210 million annually. Alternatively, a 45-cent increase could generate \$350 million annually. The average national state tax on cigarettes is 48 cents. In North Carolina where 26 percent of adults smoke, \$1.92 billion in annual health care costs are directly related to tobacco use.<sup>2</sup> Revenues generated from a cigarette tax increase could be dedicated to the health and long-term care services budget.

North Carolina has an excise tax on beer, wine, and liquor and applies the sales tax to the sale of alcohol.<sup>3</sup> However, there is no additional designated tax on alcoholic beverages in North Carolina. Another idea for generating state revenue in North Carolina calls for an additional tax on beer, wine, and other alcoholic beverages. For example, a 3-cent tax per serving on beer and wine and a 7-cent tax per serving on other alcoholic beverages could generate about \$95 million annually. Revenues generated from an additional tax on alcohol could be dedicated to the health and long-term care services budget.

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<sup>1</sup> State Cigarette Taxes & Projected Benefits from Raising Them. (2002, April). <http://tobaccofreekids.org/research/factsheets/pdf/0148.pdf>.

<sup>2</sup> The Toll of Tobacco in North Carolina. (2002). <http://tobaccofreekids.org/reports/settlements/TobaccoToll.php3?StateID=NC>.

<sup>3</sup> State Liquor Excise Tax Rates. (2002, January). <http://www.taxadmin.org/fta/rate/liquor.html>. State Wine Excise Tax Rates. (2002, January). <http://www.taxadmin.org/fta/rate/wine.html>. State Beer Excise Tax Rates. (2002, January). <http://www.taxadmin.org/fta/rate/beer.html>.

This survey measures the opinion of North Carolinians age 18 and older about generating money for health and long-term care services by increasing North Carolina's cigarette and alcohol taxes. Specifically, this telephone survey of 810 randomly selected North Carolina adults explores:

- Support for spending on health and long-term care services
- Support for funding these services by increasing the State's cigarette tax and adding an alcohol tax
- Attitudes toward state candidates who support an increase in the State's cigarette tax or who support adding an alcohol tax to fund these services

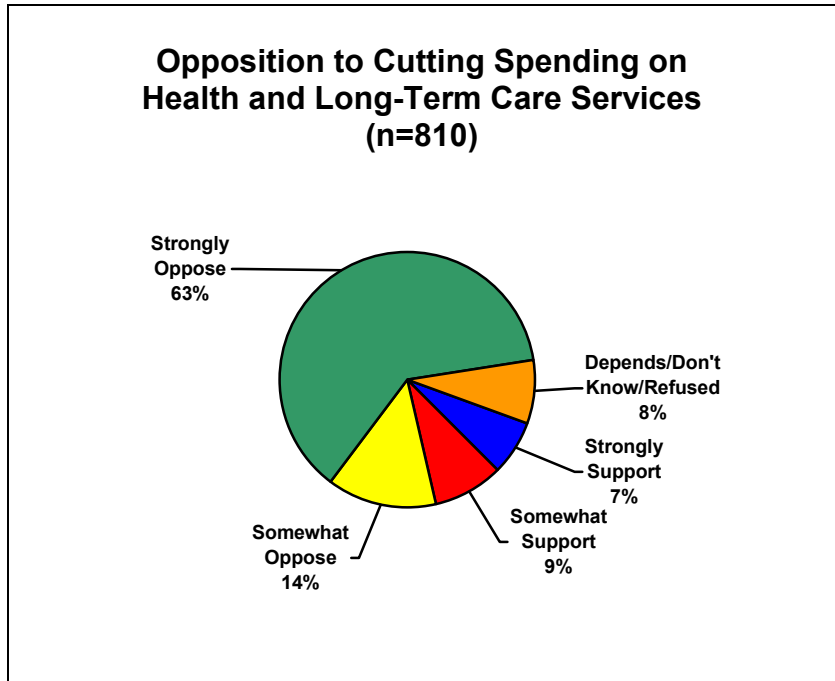
## Highlights

- Three in four oppose cutting spending on health and long-term care services to balance the State budget.
- Six in ten support increasing North Carolina's cigarette tax from 5 cents to 30 cents per pack to generate money for health and long-term care services.
- One in two support increasing North Carolina's cigarette tax from 5 cents to 50 cents per pack to generate money for health and long-term care services.
- Eight in ten support an additional tax on beer, wine, and other alcoholic beverages in North Carolina to generate money for health and long-term care services.
- Two in five would be more likely to vote for a candidate for state office who supports increasing North Carolina's cigarette tax to generate money for health and long-term care services. Conversely, one in six North Carolinians would be less likely to vote for a candidate taking this position.
- One in two would be more likely to vote for a candidate for state office who supports a tax on beer, wine, and other alcoholic beverages to generate money for health and long-term care services. Just one in ten would be less likely to vote for a candidate taking this position.

## Findings

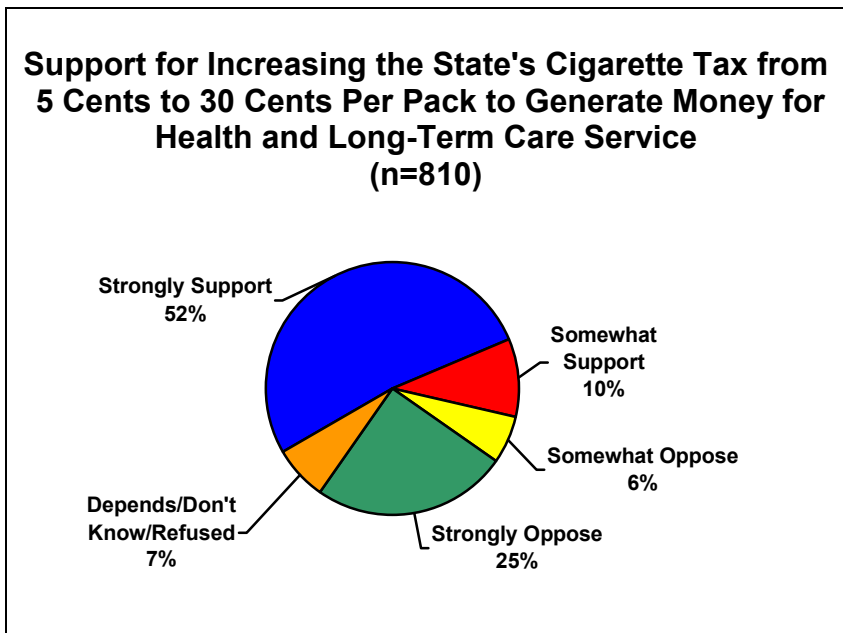
### North Carolinians strongly oppose cutting spending on health and long-term care services to balance the State budget.

Three in four North Carolinians oppose cutting the State's health and long-term care services. Nearly two in three North Carolinians *strongly* oppose cutting spending on health and long-term care services to balance the State budget, while another one in seven *somewhat* oppose spending cuts. Smokers (89%) are more likely than nonsmokers (74%) to strongly oppose cutting spending on health and long-term care services.



### North Carolinians strongly support a cigarette tax increase from 5 cents to 30 cents per pack.

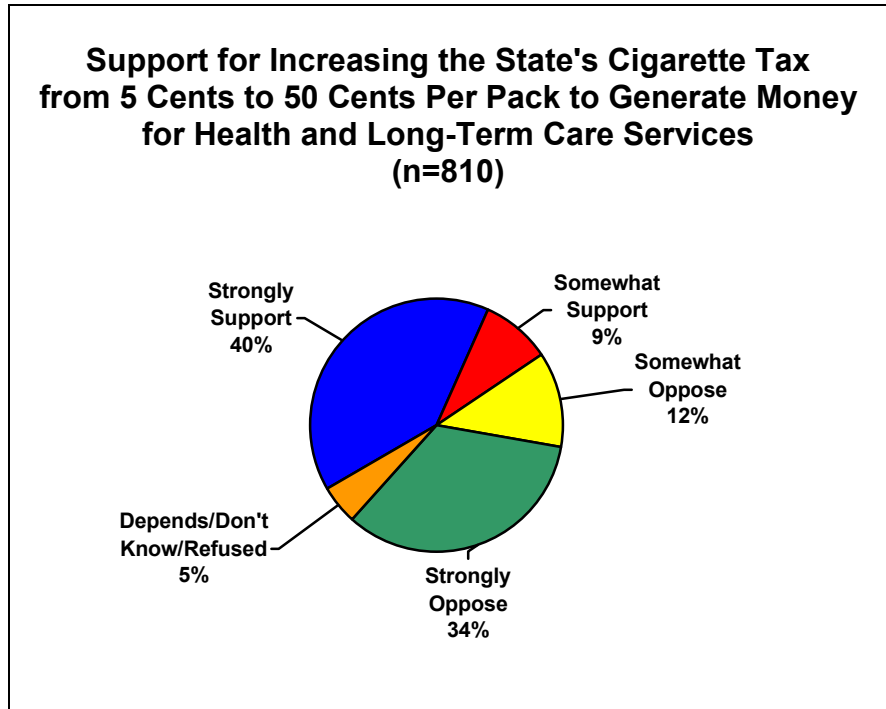
Six in ten North Carolinians support an increase of 25 cents in the State cigarette tax. Half of North Carolinians *strongly* support increasing North Carolina's cigarette tax from 5 cents to 30 cents per pack to generate money for health and long-term care services. One in ten North Carolinians *somewhat* support this increase in the State's cigarette tax.



As we might expect, smokers (63%) are more likely to oppose an increase from 5 cents to 30 cents per pack in the cigarette tax; however, a third (34%) of smokers support the increase (25% strongly support and 9% somewhat support).

## North Carolinians are divided on increasing the State cigarette tax from 5 cents to 50 cents per pack.

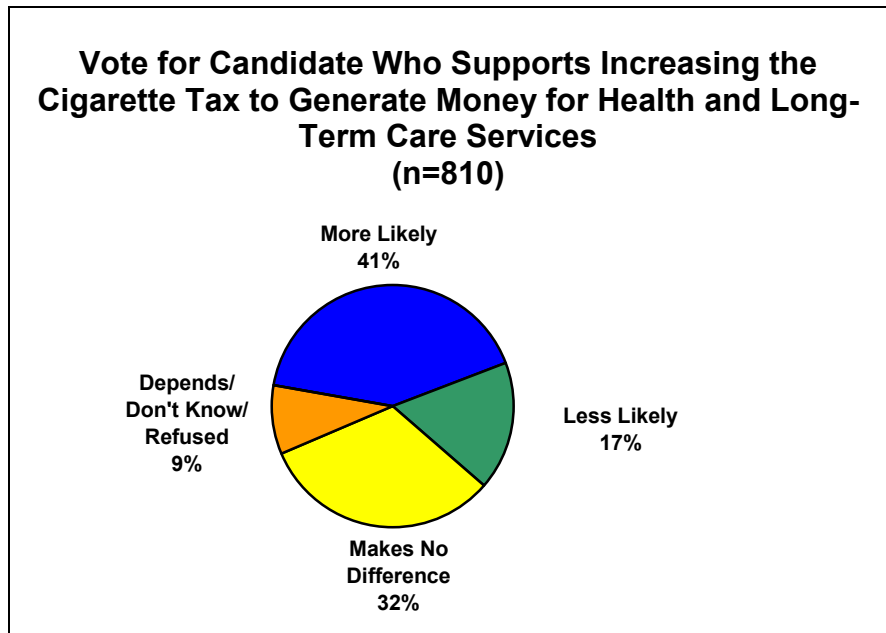
North Carolinians are split 50 percent to 46 percent in slight favor of a 45-cent increase in the State cigarette tax. Two in five North Carolinians *strongly* support increasing North Carolina's cigarette tax from 5 cents to 50 cents per pack to generate money for health and long-term care services while one in three *strongly* oppose it. About one in ten *somewhat* support this increase in the State's cigarette tax compared to about one in eight who *somewhat* oppose it.



As we might expect, smokers (72%) are more likely to oppose an increase from 5 cents to 50 cents per pack in the cigarette tax; however, a quarter (27%) of smokers support the increase (17% strongly support and 10% somewhat support).

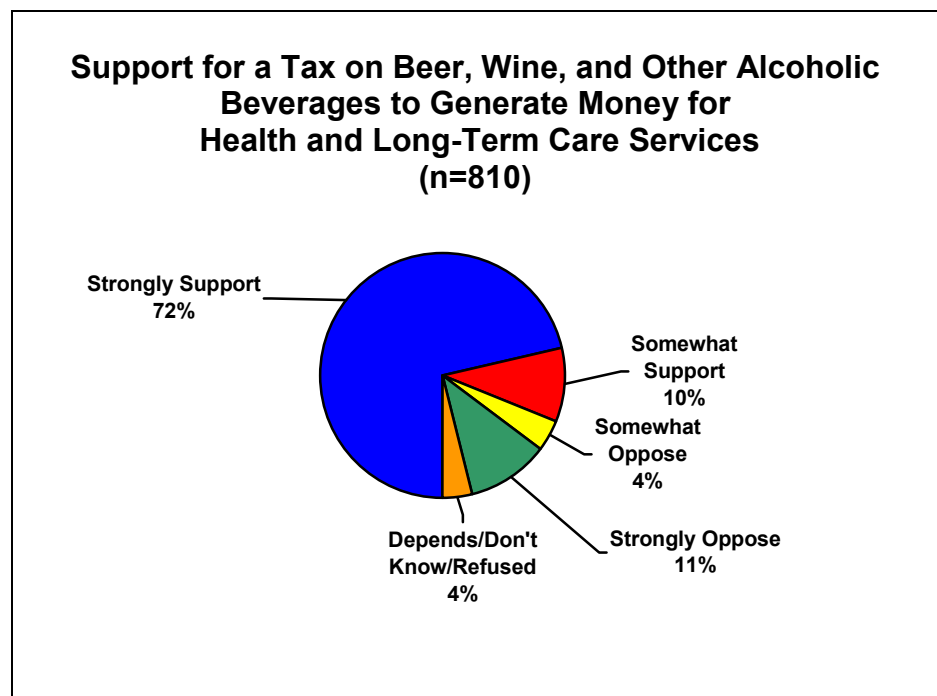
**North Carolinians are more likely than not to vote for a candidate who supports increasing the cigarette tax to generate money for health and long-term care.**

Forty-one percent of North Carolinians would be more likely to vote for a candidate who supports increasing the State's cigarette tax to generate money for health and long-term care services. Only 17 percent would be less likely to vote for a candidate who supports the increase.



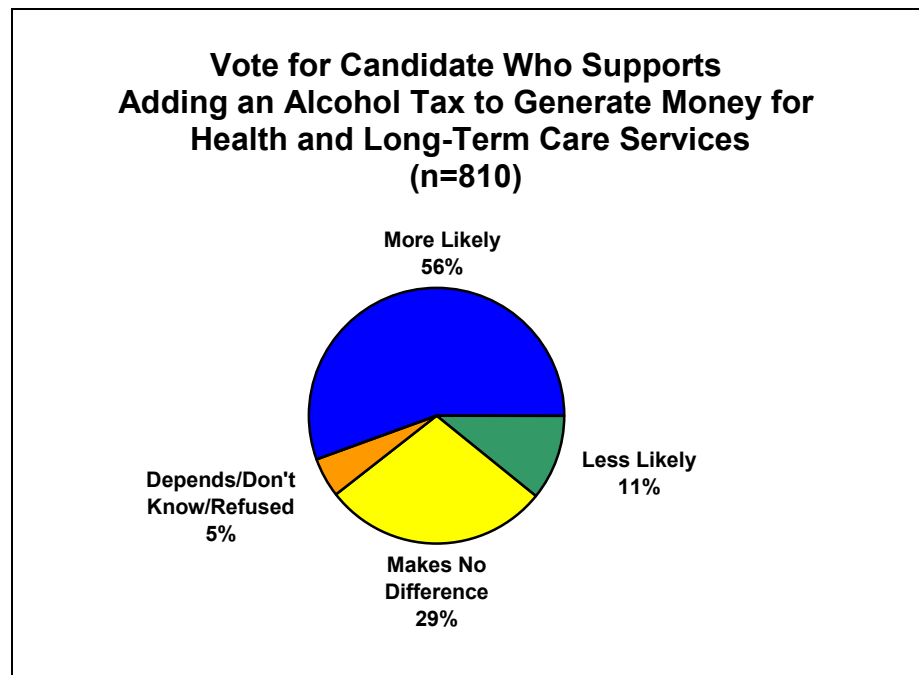
**North Carolinians strongly support an additional tax on beer, wine, and other alcoholic beverages to generate money for health and long-term care services.**

Seven in ten North Carolinians *strongly* support a tax on beer, wine, and other alcoholic beverages to generate money for health and long-term care services. Another one in ten *somewhat* supports a tax on alcohol.



**North Carolinians are more likely than not to vote for a candidate who supports a tax on beer, wine, and other alcoholic beverages to generate money for health and long-term care.**

Fifty-six percent of North Carolinians would be more likely to vote for a candidate who supports a tax on beer, wine, and other alcoholic beverages to generate money for health and long-term care services. Only 11 percent would be less likely to vote for a candidate who supports such a tax.



## Conclusions

Almost eight in ten North Carolinians oppose cuts in spending for state health and long-term care services to balance the budget. As North Carolina seeks ways to raise revenues to pay for health and long-term care services, increasing the cigarette tax and adding an alcohol tax are actions that more than half of North Carolinians support. Moreover, raising revenues to balance spending cuts is an issue that could influence voting behavior. More than twice as many North Carolinians (41%) are more likely to vote for a candidate who supports increasing the cigarette tax compared to those (17%) who are less likely to vote for such a candidate. Five times as many North Carolinians (56%) are more likely to vote for a candidate who supports adding a tax on alcohol to generate money for health and long-term care services compared to those (11%) who are less likely to vote for such a candidate.

## Methodology

AARP commissioned Southeastern Institute of Research to conduct a random digit dial (RDD) telephone survey of adults age 18 or older in North Carolina. From a random sample of 5,000, a total of 810 interviews with a quota of 350 interviews among adults age 50 and older were completed from April 26 – May 6, 2002, yielding a 24 percent response rate and 39 percent cooperation rate.<sup>4</sup> The survey has a sampling error of plus or minus 3.4 percent. This means that in 95 out of 100 samples of this size, the results obtained in the sample would fall in a range of  $\pm 3.4$  percentage points of what would have been obtained if every person in North Carolina age 18 or older had been surveyed. Survey responses were weighted to reflect the distribution of age, gender, and education in the adult population of North Carolina. Weighted responses to all survey questions are in the attached annotated questionnaire.

For more information about this study, contact Rachelle Cummins, AARP Knowledge Management, (202) 434-6297.

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<sup>4</sup> The response rate is Response Rate 3 and the cooperation rate is Cooperation Rate 3 from the following publication: The American Association for Public Opinion Research. 2000. *Standard Definitions: Final Dispositions of Case Codes and Outcome Rates for Surveys*. Ann Arbor, Michigan: AAPOR.

## **Annotated Questionnaire**



**North Carolina Health and Long-Term Care Services Survey**

Questionnaire # \_\_\_\_\_

**North Carolina Residents = 810, Response Rate = 24%, Sampling Error =  $\pm 3.4\%$**

**(Percentages may not add to 100 percent due to rounding or multiple responses.)**

( - )

800 Completes – NC Residents (Quota: 350 = 50+)

Start time: \_\_\_\_\_

***Introduction [with ‘not telemarketer’ wording]***

Hello, this is \_\_\_\_\_ calling from Southeastern Institute of Research, a national opinion research firm.

We are not telemarketers and are not trying to sell you anything. We are calling as part of a survey we are conducting in North Carolina to find out your opinion on an important issue facing the state.

Your views are important and we would greatly appreciate your participation. All of your responses are kept entirely confidential. The survey should take only about 5 minutes of your time.

**I1. RECORD GENDER OF PERSON WHO ANSWERED PHONE:**

- Male
- Female

**I2.** To make our study more representative of those living throughout North Carolina, I need to speak with the youngest male who is at home right now and is at least 18 years old.

- 1) Person on phone is youngest male → **[SKIP TO S1]**
- 2) Other person is youngest male and is coming to phone → **[SKIP TO I4]**
- 3) Person is not available
- 4) **REFUSED → [SKIP TO R1]**

**I3.** Then may I speak to the oldest female who is at home right now and is at least 18 years old?

- 1) Person on phone is oldest female → **[SKIP TO S1]**
- 2) Other person on phone is oldest female and is coming to the phone → **[SKIP TO I4]**
- 3) Person is not available → **[TERMINATE]**
- 4) **REFUSED → [SKIP TO R1]**

**I4.** Hello, this is \_\_\_\_\_ calling from Southeastern Institute of Research, a national opinion research firm. We are not telemarketers and are not trying to sell you anything. We are calling as part of a survey we are conducting in North Carolina to find out your opinion on an important issue facing the state.

Your views are important and we would greatly appreciate your participation. All of your responses are kept entirely confidential. The survey should take only about 5 minutes of your time.

- 1) CONTINUE
- 2) **REFUSED → [SKIP TO R1]**

## Screening

S1. In order to save time and ensure I only ask you questions relevant to someone in your age group, could you tell me whether you are aged 50 or older, or are you under 50? [PROGRAMMERS: WE NEED 350 RESPONDENTS 50 OR OLDER.]

- 1) Age 50 or older
- 2) Under 50
- 3) DON'T KNOW / NOT SURE
- 4) REFUSED

## Main Questions

Q1. This year, North Carolina faces a \$1.2 billion shortfall in the budget. To help balance the state budget, the state is recommending cuts in spending of over \$330 million dollars from health and long-term care services, including health care for children *and* long-term care services for the elderly and disabled in their homes and in nursing homes. More cuts are expected.

Do you support or oppose cutting spending on health and long-term care services in North Carolina to balance the state budget?

- 16% Support → [SKIP TO Q3]
- 78% Oppose
- 3% IT DEPENDS [VOLUNTEERED] → [SKIP TO Q4]
- 3% DON'T KNOW/ REFUSED → [SKIP TO Q4]

Q2. And do you strongly oppose or somewhat oppose cutting spending (for health and long-term care services)?

- 63% Strongly
- 14% Somewhat
- 1% DON'T KNOW
- <1% REFUSED

[SKIP TO Q4]

Q3. And do you strongly support or somewhat support cutting spending (for health and long-term care services)?

- 7% Strongly
- 9% Somewhat
- <1% DON'T KNOW
- <1% REFUSED

Q4. Currently, there are proposals to generate money to prevent cuts in health and long-term care services in North Carolina. Now, I'd like to get your opinion on some proposals.

North Carolina has a 5-cent tax on a pack of cigarettes. This tax is the third lowest in the country. It was last increased in 1991. One proposal to generate money for health and long-term care services calls for an increase in the cigarette tax from 5 cents to 30 cents, which would generate about \$210 million annually.

Do you support or oppose increasing North Carolina's cigarette tax from 5 cents per pack to 30 cents per pack to generate money for health and long-term care services?

- 63% Support → [SKIP TO Q6]
- 32% Oppose
- 2% IT DEPENDS [VOLUNTEERED] → [SKIP TO Q7]
- 4% DON'T KNOW / NOT SURE/ REFUSED → [SKIP TO Q7]

Q5. And do you strongly oppose or somewhat oppose increasing North Carolina's cigarette tax to 30 cents per pack to generate money (for health and long-term care services)?

- 25% Strongly
- 6% Somewhat
- 1% DON'T KNOW
- \* REFUSED

**[SKIP TO Q7]**

Q6. And do you strongly support or somewhat support increasing North Carolina's cigarette tax to 30 cents per pack to generate money (for health and long-term care services)?

- 52%** Strongly
- 10%** Somewhat
- <1%** DON'T KNOW
- <1%** REFUSED

Q7. A similar proposal to increase the cigarette tax calls for an increase from 5 cents to 50 cents per pack which would generate about \$350 million annually. Do you support or oppose increasing North Carolina's cigarette tax from 5 cents per pack to 50 cents per pack to generate money for health and long-term care services?

- 50%** Support → **[SKIP TO Q9]**
- 46%** Oppose
- 2%** IT DEPENDS **[VOLUNTEERED]**  
→ **[SKIP TO Q10]**
- 3%** DON'T KNOW / NOT SURE/ REFUSED  
→ **[SKIP TO Q10]**

Q8. And do you strongly oppose or somewhat oppose increasing North Carolina's cigarette tax to 50 cents per pack to generate money (for health and long-term care services)?

- 34%** Strongly
- 12%** Somewhat
- <1%** DON'T KNOW
- <1%** REFUSED

**[SKIP TO Q10]**

Q9. And do you strongly support or somewhat support increasing North Carolina's cigarette tax to 50 cents per pack to generate money (for health and long-term care services)?

- 40%** Strongly
- 9%** Somewhat
- 1%** DON'T KNOW
- \*** REFUSED

Q10. Currently, in North Carolina, there is no tax on beer, wine, or other alcoholic beverages for consumers. One proposal calls for a consumer tax on beer, wine, and other alcoholic beverages. For example, a 3-cent tax on beer and wine and a 7-cent tax on other alcoholic beverages would generate about \$95 million annually.

Do you support or oppose a consumer tax on beer, wine, and other alcoholic beverages in North Carolina to generate money for health and long-term care services?

- 83%** Support → **[SKIP TO Q12]**
- 14%** Oppose
- 1%** IT DEPENDS **[VOLUNTEERED]**  
→ **[SKIP TO Q13]**
- 2%** DON'T KNOW / NOT SURE/ REFUSED  
→ **[SKIP TO Q13]**

Q11. And do you strongly oppose or somewhat oppose a consumer tax on beer, wine, and other alcoholic beverages to generate money (for health and long-term care services)?

- 11%** Strongly
- 4%** Somewhat
- <1%** DON'T KNOW
- \*** REFUSED

**[SKIP TO Q13]**

Q12. And do you strongly support or somewhat support a consumer tax on beer, wine, and other alcoholic beverages to generate money (for health and long-term care services)?

- 72%** Strongly
- 10%** Somewhat
- 1%** DON'T KNOW
- <1%** REFUSED

Q13. If a candidate for state office in North Carolina supported increasing North Carolina's cigarette tax to generate money for health and long-term care services, would you be more likely to vote for that candidate, less likely to vote for them, or would it not make any difference?

- 41% More likely
- 17% Less likely
- 32% Would Not Make a Difference
- 6% IT DEPENDS [VOLUNTEERED]
- 3% DON'T KNOW
- <1% REFUSED

Q14. If a candidate for state office in North Carolina supported a consumer tax on beer, wine, and other alcoholic beverages in North Carolina to generate money for health and long-term care services, would you be more likely to vote for that candidate, less likely to vote for them, or would it not make any difference?

- 56% More likely
- 11% Less likely
- 29% Would Not Make a Difference
- 3% IT DEPENDS [VOLUNTEERED]
- 1% DON'T KNOW
- \* REFUSED

### **Demographics**

My last few questions are for classification purposes only!

D1. What is your marital status? Are you currently.....

- 54% Married,
- 9% Divorced,
- 3% Separated,
- 14% Widowed,
- 20% Or have you never been married?
- 1% Living with partner [VOLUNTEERED]
- \* DON'T KNOW
- <1% REFUSED

D2. What is your age as of your last birthday?

[RECORD IN YEARS]

- 30% 18-34
- 26% 35-49
- 20% 50-64
- 21% 65+
- 2% REFUSED

D3. Are you or your spouse a member of A-A-R-P formerly known as the American Association of Retired Persons? [IF NOT "MARRIED" ASK, "Are you a member..."]

- 21% Yes
- 78% No
- <1% DON'T KNOW / NOT SURE
- \* REFUSED

D4. Thinking about your state elections for North Carolina Governor and Legislators in the last ten years, which of the following best describes your voting behavior? Would you say you always vote, sometimes miss one, rarely vote, or never vote?

- 47% Always vote
- 27% Sometimes miss one
- 11% Rarely vote
- 14% Never vote
- 1% DON'T KNOW / NOT SURE
- \* REFUSED

D5. What is the highest level of education you have completed? (READ)

- 21% Less than high school
- 32% High school graduate or equivalent
- 26% Some college or technical training beyond high school
- 16% College graduate
- 7% Post-graduate or professional degree?
- \* DON'T KNOW / NOT SURE
- \* REFUSED

D6. Which of the following best describes your current employment status? Are you currently....

- 52% Employed full-time
- 9% Employed part-time
- 22% Retired and not working
- 5% Unemployed and looking for work
- 7% Homemaker
- 4% Or something else? [Specify: \_\_\_\_\_]
- <1% DON'T KNOW
- <1% REFUSED

D7. Now, for statistical purposes only, please stop me when I get to the category that includes your household's income before taxes in 2001. Was it...  
**(READ)**

- 8% Less than \$10,000
- 16% \$10,000 but less than \$20,000
- 17% \$20,000 but less than \$30,000
- 12% \$30,000 but less than \$40,000
- 10% \$40,000 but less than \$50,000
- 11% \$50,000 but less than \$75,000
- 10% or was your income \$75,000 or more
- 7% DON'T KNOW
- 10% REFUSED

D8. Do you currently smoke cigarettes on a regular basis?

- 26% Yes
- 74% No
- \* DON'T KNOW / NOT SURE
- <1% REFUSED

D9. What is your 5-digit zipcode?

\_\_\_\_\_

D10. And, finally, may I verify that I reached you at:

( ) \_\_\_\_\_

**Thank you for participating! Your Opinion Counts.**

Respondent gender:

- 47% Male
- 53% Female

**[SKIP TO INTERVIEWER NAME]**

## **Refusal Sequence**

R1. Thank you for your time anyway. Have a good night.

RECORD GENDER OF PERSON WHO REFUSED

- 1) Male
- 2) Female
- 3) Do Not Know

R2. WHEN DID PERSON REFUSE:

- 1) DURING INTRODUCTION
- 2) DURING SELECTION OF RESPONDENT (YOUNGEST MALE/OLDEST FEMALE)
- 3) AFTER HAND-OFF WAS MADE
- 4) OTHER [SPECIFY: \_\_\_\_\_]

R3. RECORD UP TO THREE REASONS FOR REFUSAL

- 1) Doesn't Do Surveys
- 2) Eating/ Having Dinner
- 3) Doesn't Have Time/Too Busy
- 4) Concerned About Privacy
- 5) Telemarketing or Other Laws Against Surveys
- 6) No Opinion About Survey Topic
- 7) Not Interested in Survey Topic
- 8) Hearing
- 9) Person Refused for Someone Else
- 10) Other [Specify: \_\_\_\_\_]

R4. WAS THIS A "HARD" REFUSAL?

- 1) YES
- 2) NO

HARD REFUSAL =

- ➔ PERSON HUNG-UP IMMEDIATELY
- ➔ PERSON WAS ANGRY
- ➔ PERSON WAS INSULTING OR VERBALLY ABUSIVE
- ➔ PERSON HUNG-UP WHILE YOU WERE SPEAKING

R5. HOW COMFORTABLE WOULD YOU BE  
CALLING THIS PERSON BACK?

- 1) VERY COMFORTABLE
- 2) SOMEWHAT COMFORTABLE
- 3) NOT VERY COMFORTABLE
- 4) WOULD NOT CALL BACK

Interviewer name: \_\_\_\_\_

Date: \_\_\_\_\_

Time end: \_\_\_\_\_

Length of interview: \_\_\_\_\_

Interviewer ID # \_\_\_\_\_