

Tobacco Tax 2016

Tobacco tax increases offer a win-win-win solution for states as they work to balance budgets while preserving essential public services.

Health Win: Tobacco tax increases are one of the most effective ways to reduce smoking and other tobacco use, especially among kids. Every 10 percent increase in cigarette prices reduces youth smoking by about seven percent and total cigarette consumption by about four percent.

Budget Win: Every state that has significantly increased its cigarette tax has enjoyed substantial increases in revenue, even while reducing smoking. Higher tobacco taxes also save money by reducing tobacco-related health care costs, including Medicaid expenses. States can realize even greater health benefits and cost savings by allocating some of the revenue to programs that prevent children from smoking and help smokers quit.

Political Win: National and state polls consistently have found overwhelming public support for tobacco tax increases. Polls also show that, when it comes to balancing budgets, voters prefer raising tobacco taxes to other tax increases or cutting crucial programs such as education and public safety.

Progress, But More Work to Do

In recent years, almost every state and the federal government have increased tobacco taxes. The average state cigarette tax is currently \$1.60 per pack, but rates vary widely from 17 cents in Missouri to \$4.35 in New York.

On April 1, 2009, the federal cigarette tax increased by 62 cents, to \$1.01 per pack.

Every state and the federal government can achieve significant health and revenue gains by further increasing tobacco taxes. Governments can raise even more revenue — and reduce all tobacco use — by increasing taxes on other tobacco products, such as smokeless tobacco and cigars, to parallel the rate on cigarettes. This discourages all tobacco use.

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