



Vermont’s Cigarette Tax and Benefits of a \$1.25 Increase

Vermont’s cigarette tax is \$2.75. **It’s vital that Vermont raise this tax by \$1.25 to \$4.00.** Raising the tax is the single, most effective way to prevent youth from smoking. Coupled with a strong tobacco control program, it’s one of the best ways to help smokers to quit.

According to the Vermont Joint Fiscal Office, a \$1.25 increase would provide \$7.2 million in new revenue. These funds could begin restoring the Tobacco Trust Fund and the proposed \$199,000 cut to the Tobacco Evaluation and Review Board – ensuring the best return on investment of program funding.

Current Northeast Cigarette Excise Tax, per pack:	
New York	\$ 4.35 (1 st in US)
Rhode Island	\$ 3.50 (3 rd in US)
Connecticut	\$ 3.40 (4 th in US)
Vermont	\$ 2.75 (8th in US)
Massachusetts	\$ 3.51 (2 nd in US)
Maine	\$ 2.00 (12 th in US)
New Hampshire	\$ 1.78 (18 th in US)
Region average:	\$3.04

RAISIN
G THE
PRICE
OF
TOBAC
CO IS
AN
EFFEC
TIVE

An April 2013 poll shows 3 in 4 Vermonter favor a \$1.25 increase in the tax.

A \$1.25 increase in Vermont’s tax would still leave it below neighboring New York’s.

TOOL TO PREVENT AND REDUCE SMOKING:

Studies have repeatedly shown that increasing the price of tobacco by *at least* 10% reduces adult smoking by 3-5% and youth smoking by about 7%. The Vermont Low Income Advocacy Council has supported significant increases in the tax as low income smokers are 4 times more likely to quit with such a tax. Small increases are ineffective as they are not noticed and can be absorbed by industry price discounts.

VT SMOKING RATES:

Adults: 17%
Youth: 13%
12th grade: 18%

About one-third of very low income (31%), and uninsured (35%) adults smoke. High school drop-outs are more likely to smoke (39%), and an estimated 38% of adults with mental illness smoke.

BENEFITS OF A \$1.25 INCREASE IN VERMONT PROJECTED BY CAMPAIGN FOR TOBACCO FREE KIDS:

- **Save \$96.65 million in long-term health care costs**
- **Prevent 2,400 kids from becoming smokers**
- **Spur 2,700 current adult smokers to quit**
- **Save 1,400 residents from premature, smoking-caused deaths**

VERMONT TOBACCO TAX HISTORY:

- In 2002 - successful campaign to increase tax from \$0.44 to \$1.19 per pack over two years.
- In 2006 - successful campaign to increase tax by \$0.80 over two years, bringing the total to \$1.99.
- The legislature increased the tax in 2009 by \$0.25, in 2011 by \$0.38, and in 2014 by \$0.13 to its current level of \$2.75. These increases raised revenue but likely had no impact on smoking rates.

NO ADVERSE CROSS-BORDER EFFECTS:

The last time there was a year between a VT tax increase and a NH tax change was Vermont's 2006 increase from \$1.19 to \$1.79 compared to NH’s \$0.80 tax. The following year, VT cigarette tax revenues rose by \$13.4 million (28.3%), & NH tax revenues fell by \$3.4 million (-2.4%).