

REVENUE ESTIMATING CONFERENCE

TAX: Cigarette Tax

ISSUE: \$1.00 per pack tax increase

BILL NUMBER(S): SB1840

SPONSOR(S): Senator Deutch

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2009

DATE OF ANALYSIS: March 13th, 2009

SECTION 1: NARRATIVE

a. Current Law: S. 210.02 (1), F.S., imposes a tax of 33.9 cents per pack on standard sized cigarettes. Non-standard sized cigarettes are taxed proportionately. After deductions of .9% for administrative costs and 7.3% for General Revenue Service Charge, the following distributions are made: 2.9% to the Revenue Sharing Trust Fund for Counties, 29.3% to the Public Medical Assistance Trust Fund, 1.47% to the H. Lee Moffitt Cancer Center and Research Institute (minimum of \$5.6 million), and the remainder to the General Revenue Fund.

b. Proposed Change: The tax rate on standard sized cigarettes would be increased from 33.9 cents to \$1.339 per pack, with proportionate changes to the other tax rates. After deductions of .5% for administrative costs and 7.3% for General Revenue Service Charge, the following distributions are made: 1.1322% to the Revenue Sharing Trust Fund for Counties, 11.3337% to the Public Medical Assistance Trust Fund, 5.0597% to the H. Lee Moffitt Cancer Center and Research Institute (with a minimum of that same percentage applied to 2007-08 revenues, which would be \$19.3 million), a total of 59.1479% to various health-related trust funds and entities, and the remainder to the General Revenue Fund. A floor tax is imposed on all inventory as of July 1, 2009.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

March 2009 General Revenue Estimating Conference forecast for cigarette tax.

Information from various other states regarding the results of cigarette tax increases

“Impact of Cigarette Excise Tax Increases in Low-Tax Southern States on Cigarette Sales, Cigarette Excise Tax Revenue, Tax Evasion, and Economic Activity” from RTI International.

“Cigarette Taxes and Smuggling” from the Mackinac Center for Public Policy

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

See attached.

SECTION 4: PROPOSED FISCAL IMPACT

State Impact: All Funds	FY 2009-10 Annualized	FY 2009-10 Cash	FY 2010-11 Cash	FY 2011-12 Cash	FY 2012-13 Cash
High	\$1,008.7	\$1,008.7	\$991.1	\$978.4	\$991.1
Middle—Cigarette Sales Tax	\$871.3 1.4	\$871.3 1.4	\$879.3 1.8	\$805.5 -6.2	\$816.0 -14.3
Low	\$809.9	\$809.9	\$761.2	\$716.5	\$725.9

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SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3/19/09) The conference adopted the middle estimate.

Cigarette Tax:

	FY 2009-10 Annualized	FY 2009-10 Cash	FY 2010-11 Cash	FY 2011-12 Cash	FY 2012-13 Cash
General Revenue	100.6	100.6	103.0	96.6	91.2
State Trust	767.8	767.8	773.3	760.0	754.0
Total State Impact	868.4	868.4	876.3	856.6	845.2
Total Local Impact	2.9	2.9	3.0	2.7	2.5
Total Impact	871.3	871.3	879.3	859.3	847.7

Sales Tax:

	FY 2009-10 Annualized	FY 2009-10 Cash	FY 2010-11 Cash	FY 2011-12 Cash	FY 2012-13 Cash
General Revenue	1.2	1.2	1.6	(5.5)	(12.6)
State Trust	Insignificant	Insignificant	Insignificant	(Insignificant)	(Insignificant)
Total State Impact	1.2	1.2	1.6	(5.5)	(12.6)
Revenue Sharing	Insignificant	Insignificant	Insignificant	(.2)	(.4)
Local Gov't Half Cent	.1	.1	.1	(.5)	(1.2)
Local Option	.1	.1	.1	(.5)	(1.2)
Total Local Impact	.2	.2	.2	(1.2)	(2.8)
Total Impact	1.4	1.4	1.8	(6.7)	(15.4)

SB1840

Tax Increase:

\$1.00 Total Tax \$1.339

Effective July 1, 2009

Floor Tax July 1, 2009

Note--due to floor tax there is no first year loss

2009-10 2010-11 2011-12 2012-13

Packs (March 2009 estimate)	1,147	1,146	1,151	1,166
Price (includes excise tax but not Sales Tax)	\$4.45	\$4.60	\$4.75	\$4.90

Current Projections:				
Total Revenue	\$388.7	\$388.4	\$390.1	\$395.2
Dealer allowance	\$5.5	\$5.5	\$5.5	\$5.6
Refunds	\$0.2	\$0.2	\$0.2	\$0.2
Total Collections	\$383.0	\$382.7	\$384.4	\$389.4
AB&T Trust Fund	\$3.4	\$3.4	\$3.5	\$3.5
General Revenue Service Charge	\$28.0	\$27.9	\$28.1	\$28.4
Net Collections	\$351.6	\$351.3	\$352.9	\$357.5
Revenue Sharing Trust Fund for Counties	2.9%	\$10.2	\$10.2	\$10.2
Public Medical Assistance Trust Fund	29.3%	\$103.0	\$102.9	\$103.4
H. Lee Moffitt Cancer Center	\$5.6	\$5.6	\$5.6	\$5.6
General Revenue	\$232.8	\$232.6	\$233.7	\$236.8

New price with tax increase	\$5.45	\$5.60	\$5.75	\$5.90
Increase in price	22.5%	21.7%	21.1%	20.4%

	Low Estimate				Middle Estimate				High Estimate			
Consumption Elasticity	-0.4	-0.45	-0.5	-0.5	-0.4	-0.40	-0.450	-0.50	-0.4	-0.45	-0.5	-0.5
% packs lost due to lower consumption	-9.0%	-9.8%	-10.5%	-10.2%	-9.0%	-8.7%	-9.5%	-10.2%	-9.0%	-9.8%	-10.5%	-10.2%
Avoidance Elasticity					-0.4	-0.40	-0.45	-0.50				
% packs lost due to tax avoidance	-13.0%	-15.0%	-17.0%	-17.0%	-9.0%	-8.7%	-9.5%	-10.2%	0.0%	0.0%	0.0%	0.0%
Taxable packs	894	862	834	849	941	946	933	928	1,044	1,034	1,030	1,047
Total Revenue	1197.7	1153.8	1116.7	1136.2	1259.4	1267.1	1248.8	1242.2	1397.3	1383.9	1378.6	1401.5
Dealer allowance	4.3	4.5	4.5	4.5	4.5	4.5	4.5	4.5	5.0	4.5	4.5	4.5
Refunds	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Collections	1192.9	1148.7	1111.6	1131.1	1254.3	1262.0	1243.7	1237.1	1391.6	1378.7	1373.5	1396.4
AB&T Trust Fund	0.50%	6.0	5.7	5.6	5.7	6.3	6.3	6.2	7.0	6.9	6.9	7.0
General Revenue Service Charge	7.30%	87.1	83.9	81.1	82.6	91.6	92.1	90.8	101.6	100.6	100.3	101.9
Net Collections		1099.8	1059.1	1024.9	1042.9	1156.5	1163.6	1146.7	1140.6	1283.1	1271.2	1266.3
Revenue Sharing Trust Fund for Counties	1.1322%	12.5	12.0	11.6	11.8	13.1	13.2	13.0	12.9	14.5	14.4	14.3
Public Medical Assistance Trust Fund	11.3337%	124.7	120.0	116.2	118.2	131.1	131.9	130.0	129.3	145.4	144.1	143.5
H. Lee Moffitt Cancer Center	5.0597%	55.6	53.6	51.9	52.8	58.5	58.9	58.0	57.7	64.9	64.3	64.1
Various Medical TF/Programs	59.1479%	650.5	626.4	606.2	616.9	684.0	688.2	678.2	674.6	758.9	751.9	749.0
General Revenue		256.6	247.1	239.1	243.3	269.8	271.4	267.5	266.1	299.3	296.5	295.4

Difference												
Total Collections	\$809.9	\$766.0	\$727.2	\$741.8	\$871.3	\$879.3	\$859.3	\$847.7	\$1,008.7	\$996.0	\$989.0	\$1,007.0
AB&T Trust Fund	\$2.5	\$2.3	\$2.1	\$2.2	\$2.8	\$2.9	\$2.8	\$2.7	\$3.5	\$3.4	\$3.4	\$3.5
General Revenue Service Charge	\$59.1	\$55.9	\$53.1	\$54.1	\$63.6	\$64.2	\$62.7	\$61.9	\$73.6	\$72.7	\$72.2	\$73.5
Revenue Sharing Trust Fund for Counties	\$2.3	\$1.8	\$1.4	\$1.4	\$2.9	\$3.0	\$2.7	\$2.5	\$4.3	\$4.2	\$4.1	\$4.2
Public Medical Assistance Trust Fund	\$21.6	\$17.1	\$12.8	\$13.5	\$28.1	\$28.9	\$26.6	\$24.5	\$42.4	\$41.1	\$40.1	\$41.2
H. Lee Moffitt Cancer Center	\$50.0	\$48.0	\$46.3	\$47.2	\$52.9	\$53.3	\$52.4	\$52.1	\$59.3	\$58.7	\$58.5	\$59.5
Various Medical TF/Programs	\$650.5	\$626.4	\$606.2	\$616.9	\$684.0	\$688.2	\$678.2	\$674.6	\$758.9	\$751.9	\$749.0	\$761.5
General Revenue	\$23.8	\$14.5	\$5.4	\$6.5	\$37.0	\$38.8	\$33.8	\$29.3	\$66.5	\$63.9	\$61.7	\$63.6

Sales Tax Impact

Price times packs old	\$	5,106.5	\$	5,268.6	\$	5,462.8	\$	5,709.6
Price times packs new	\$	5,129.9	\$	5,298.5	\$	5,359.7	\$	5,471.6
Change in dollars spent on taxable cigarettes	\$	23.37	\$	29.84	\$	(103.10)	\$	(238.00)
times 6%	\$	1.40	\$	1.79	\$	(6.19)	\$	(14.28)

Maine

\$1 per pack increase
About 12% decline in stamp sales
\$1 per pack would be about 25% increase
Elasticity of about -.5, including cross-border effects

Michigan

Two increases, 2002 and 2004
Estimated elasticities of -.82 and -.77, including cross-border effects
They think the range is -.7 to -1.0

Minnesota

Increase of 75 cents
Assumed elasticity of -.55
Collections coming in close to estimate

Ohio

2002 increase estimate about -.9
2005 used -.925 to estimate impact of 19.5% increase
 complicated by amendment to allow \$300 brought in for personal use
They expected decline of 21% as a result of the increase and amendment
Looks like it had been more like 20% or less

Oklahoma

1/1/05 80 cents per pack
packs dropped from 356 to 309 over two years
price about 3.25 per pack (base on Florida price)
25% increase in price, 14% decline in taxed packs
Elasticity about -.6

Oregon

15% price increase, 13% decline in stamps, -.9
12% price increase, 18% decline in stamps, -1.5
Saw positive impact when Washington raised tax

Rhode Island

2002, increase price after tax by 18.7%
drop in packs sold by 10.2%
Elasticity of -.543
2004, increase price by 9.7%, packs dropped by 7.9%, elasticity .819
2005 16.7% increase in price, packs dropped by 18.8%, elasticity 1.12
 Also imposed indoor smoking ban during last part of 2005, and
 consumption continued to decline into 2006, so some of 2005
 effect likely due to smoking ban

West Virginia

When surrounding states raised their taxes, WV benefitted with increases
When WV raised its rate in 2003, elasticity was in -.85 to -.9 range

**Table 4: Estimated Tax-Induced Smuggling as a Percent of Sales:
1990-2006 Annual Averages**

State	Per Adult Legal Sales	Estimated Tax-Induced Smuggling as a Percent of Pre-Smuggling Sales			
		Commercial	Casual	Canada/Mexico	Total
AL	97.90	-2.91%	2.45%	0.00%	-0.37%
AR	102.85	-5.37%	1.41%	0.00%	-3.64%
AZ	69.77	-6.49%	-4.41%	-8.91%	-20.63%
CA	49.98	-7.36%	-5.92%	-10.08%	-24.51%
CO	76.43	-3.46%	-2.72%	0.00%	-5.92%
CT	71.69	-11.70%	4.47%	0.00%	-6.22%
DE	142.05	-5.04%	34.78%	0.00%	29.44%
FL	87.75	-4.65%	-2.97%	0.00%	-7.33%
GA	93.78	-1.71%	1.19%	0.00%	-0.47%
IA	90.55	-5.01%	-2.44%	0.00%	-7.15%
ID	74.15	-4.67%	3.97%	0.60%	0.09%
IL	75.68	-9.52%	0.52%	0.00%	-8.42%
IN	122.09	-3.45%	10.64%	0.00%	7.12%
KS	79.81	-5.03%	-3.96%	0.00%	-8.68%
KY	168.40	0.03%	4.98%	0.00%	4.71%
LA	98.35	-3.13%	-2.65%	0.00%	-5.52%
MA	66.66	-12.74%	1.75%	0.00%	-10.10%
MD	70.09	-9.01%	3.04%	0.00%	-5.33%
ME	92.27	-10.12%	2.32%	1.11%	-5.93%
MI	84.98	-11.57%	-6.01%	1.22%	-15.97%
MN	78.04	-6.84%	-5.40%	0.78%	-11.13%
MO	114.69	-2.06%	5.97%	0.00%	3.79%
MS	99.85	-2.33%	0.66%	0.00%	-1.55%
MT	79.19	-5.36%	-3.79%	0.65%	-8.17%
ND	75.03	-6.18%	-3.89%	0.74%	-8.96%
NE	79.72	-5.18%	-3.36%	0.00%	-8.24%
NH	150.79	-4.99%	21.44%	0.61%	17.22%
NJ	67.78	-13.80%	0.60%	0.00%	-12.32%
NM	57.98	-5.39%	-0.43%	-8.20%	-13.61%
NV	96.38	-7.55%	10.33%	0.00%	3.33%
NY	60.42	-12.42%	-9.88%	1.31%	-20.88%
OH	101.71	-4.63%	1.47%	0.00%	-2.89%
OK	101.07	-5.06%	1.59%	0.00%	-3.19%
OR	80.78	-7.79%	-5.68%	0.00%	-13.30%
PA	87.37	-8.23%	4.04%	0.00%	-3.61%
RI	82.20	-12.70%	1.01%	0.00%	-10.83%
SC	107.62	-0.22%	2.80%	0.00%	2.43%
SD	83.53	-4.93%	-0.78%	0.00%	-5.41%
TN	111.93	-1.48%	2.56%	0.00%	1.06%
TX	69.39	-5.68%	1.33%	-8.14%	-12.07%
UT	45.96	-6.20%	-4.52%	0.00%	-10.40%
VA	100.71	0.14%	22.01%	0.00%	20.81%
VT	98.52	-6.99%	9.58%	0.81%	3.94%
WA	57.91	-12.63%	-8.95%	1.32%	-20.08%
WI	84.42	-7.22%	-5.48%	0.00%	-12.45%
WV	109.15	-4.11%	6.96%	0.00%	2.93%
WY	98.41	-2.77%	9.59%	0.00%	6.66%

Notes: Estimates computed based on the regression results presented in columns 3 and 4 of Table 3. The sum of commercial, casual and Canada/Mexico smuggling does not equal the total presented in the final column due to the non-linear nature of the model.

Impact of Cigarette Excise Tax Increases in Low-Tax Southern States on Cigarette Sales, Cigarette Excise Tax Revenue, Tax Evasion, and Economic Activity

Table 6. Impact of the Tax Increase on Sales

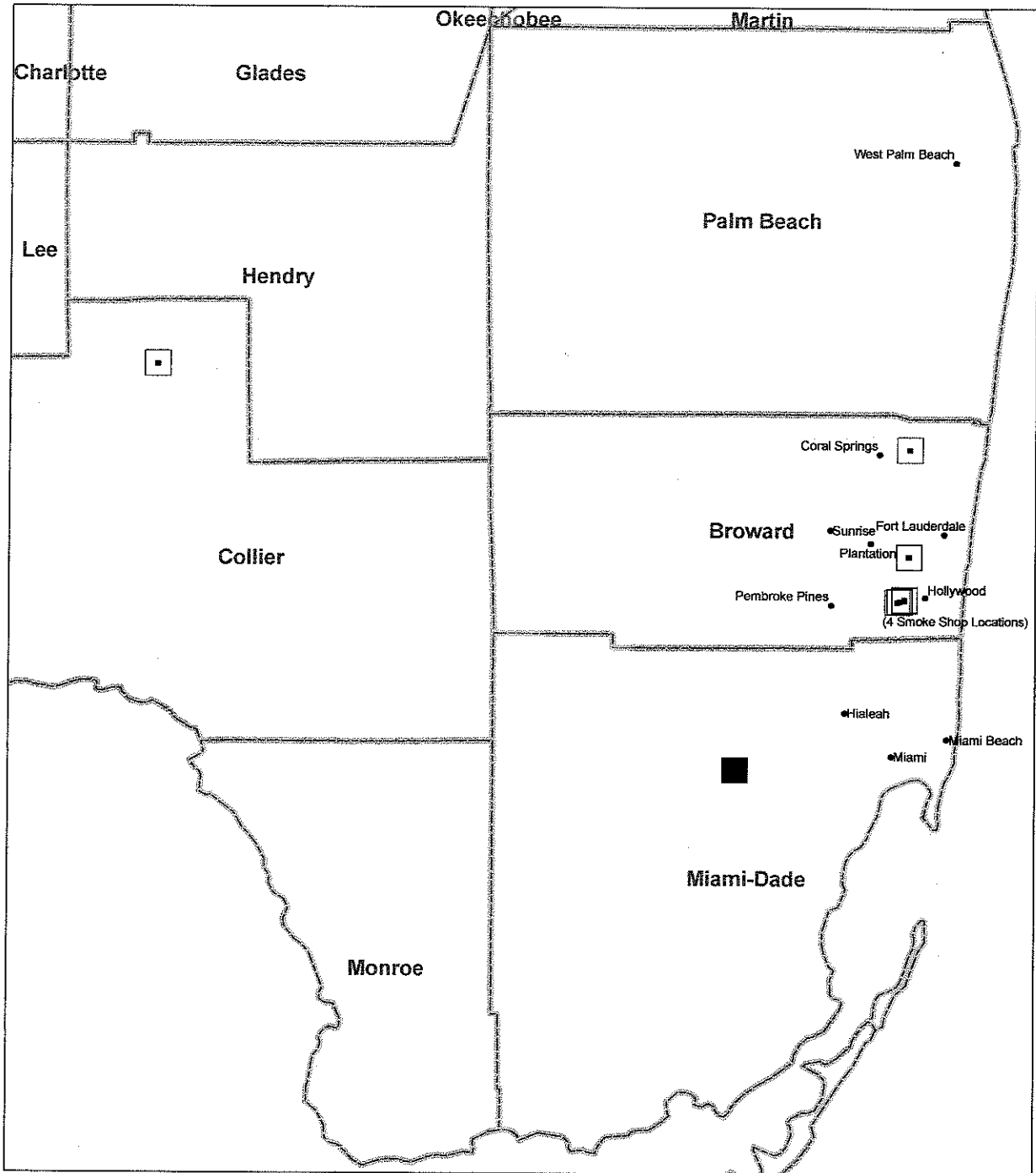
State	Decline in Consumption (Packs)	Net Effect of Cross-Border Sales (Packs)	Total Decline in Sales (Packs)	Total Decline in Sales (%)
Alabama	-36,909,540	-28,989,171	-65,898,710	-16.11%
Georgia	-64,223,452	-77,397,370	-141,620,822	-21.57%
Kentucky	-63,694,467	-132,955,399	-196,649,867	-32.86%
Mississippi	-22,627,622	-41,785,802	-64,413,424	-23.98%
North Carolina	-78,777,743	-135,547,137	-214,324,881	-27.00%
South Carolina	-43,750,761	-24,586,532	-68,337,294	-17.21%
Tennessee	-60,773,677	-47,685,851	-108,459,528	-17.55%
Virginia	-60,527,190	-177,637,312	-238,164,502	-36.03%
West Virginia	-18,329,748	-34,275,559	-52,605,307	-25.46%
Total	-412,704,660	-671,870,963	-1,084,575,624	

STATE OF FLORIDA


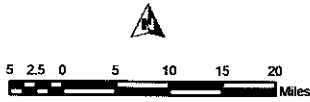
Division of Alcoholic Beverages and Tobacco
Schedule of Indian Cigarette Sales




Fiscal Year	Packs of 20	Gross Tax	Discount	Net Tax
1994-1995	59,616,008	\$20,209,827	\$286,157	\$19,923,670
1995-1996	56,524,220	\$19,161,711	\$271,316	\$18,890,394
1996-1997	50,421,827	\$17,092,999	\$242,025	\$16,850,975
1997-1998	46,825,943	\$15,873,995	\$224,765	\$15,649,230
1998-1999	42,826,815	\$14,518,290	\$205,569	\$14,312,722
1999-2000	40,233,546	\$13,639,172	\$193,121	\$13,446,051
2000-2001	37,199,111	\$12,610,499	\$178,556	\$12,431,943
2001-2002	36,223,987	\$12,279,932	\$173,875	\$12,106,056
2002-2003	31,640,439	\$10,726,109	\$151,874	\$10,574,235
2003-2004	29,273,552	\$9,923,734	\$140,513	\$9,783,221
2004-2005	28,797,256	\$9,762,270	\$138,227	\$9,624,043
2005-2006	26,906,384	\$9,121,264	\$129,151	\$8,992,114
2006-2007	27,114,980	\$9,191,978	\$130,152	\$9,061,826
2007-2008	26,386,203	\$8,944,923	\$126,654	\$8,818,269

Tribal Smoke Shops



Economic & Demographic Research
 111 W. Madison St., Rm. 574
 Tallahassee, FL 32399-1400
 Phone: 850-487-1402
 URL: www.state.fl.us/edr
 March 2009

- Legend**
-  County Boundary
 -  Seminole Indian Smoke Shop
 -  Micosukee Indian Smoke Shop



STATE CIGARETTE EXCISE TAX RATES & RANKINGS

Overall All States' Average: \$1.21 per pack
 Major Tobacco States' Average: 38.5 cents per pack
 Other States' Average: \$1.32 per pack

State	Tax	Rank
Alabama	\$0.425	43rd
Alaska	\$2.00	6th
Arizona	\$2.00	6th
Arkansas	\$1.15	25th
California	\$0.87	31st
Colorado	\$0.84	32nd
Connecticut	\$2.00	6th
Delaware	\$1.15	25th
DC	\$2.00	6th
Florida	\$0.339	47th
Georgia	\$0.37	44th
Hawaii	\$2.00	6th
Idaho	\$0.57	40th
Illinois	\$0.98	29th
Indiana	\$0.995	28th
Iowa	\$1.36	20th
Kansas	\$0.79	34th
Kentucky	\$0.60	38th

* Effective 4/1/09.

** Effective 3/1/09.

State	Tax	Rank
Louisiana	\$0.36	45th
Maine	\$2.00	6th
Maryland	\$2.00	6th
Massachusetts	\$2.51	3rd
Michigan	\$2.00	6th
Minnesota [†]	\$1.504	18th
Mississippi	\$0.18	49th
Missouri	\$0.17	50th
Montana	\$1.70	16th
Nebraska	\$0.64	36th
Nevada	\$0.80	33rd
New Hampshire	\$1.33	22nd
New Jersey	\$2.58	2nd
New Mexico	\$0.91	30th
New York	\$2.75	1st
North Carolina	\$0.35	46th
North Dakota	\$0.44	42nd
Ohio	\$1.25	23rd

[†] Tax stamp includes 75¢ health impact fee & 27.4¢ cigarette sales tax (Commissioner of Revenue sets sales tax rate each year)

State	Tax	Rank
Oklahoma	\$1.03	27th
Oregon	\$1.18	24th
Pennsylvania	\$1.35	21st
Rhode Island	\$2.46	4th
South Carolina	\$0.07	51st
South Dakota	\$1.53	17th
Tennessee	\$0.62	37th
Texas	\$1.41	19th
Utah	\$0.695	35th
Vermont	\$1.99	14th
Virginia	\$0.30	48th
Washington	\$2.025	5th
West Virginia	\$0.55	41st
Wisconsin	\$1.77	15th
Wyoming	\$0.60	38th
Puerto Rico	\$1.23	NA
Guam	\$1.00	NA
Northern Marianas	\$1.75	NA

Table shows all cigarette tax rates in effect now and those that will go into effect through June 30, 2009. Since 2002, 44 States, DC, and several U.S. territories have increased their cigarette tax rates 84 times. The six states in **bold type** have not increased their cigarette tax since 1999 or much earlier. Currently, 27 states (including DC) and Puerto Rico, the Northern Marianas, and Guam have cigarette tax rates of \$1.00 per pack or higher, and 13 states (including DC) have cigarette tax rates of \$2.00 per pack or higher. Tobacco states are KY, VA, NC, SC, GA, and TN. States' average includes DC, but not Puerto Rico, other U.S. territories, or local cigarette taxes. Including Puerto Rico (which has a larger U.S. population than more than 20 states and DC) raises the state average slightly. The median tax rate is \$1.15 per pack. MI, MN, and UT also have special 35¢ per pack taxes or fees on brands of manufacturers not participating in the state tobacco lawsuit settlements (NPMs).

The highest combined state-local tax rate is now \$4.25 in New York City, with Chicago, IL second at \$3.66 per pack. Other high state-local rates include Evanston, IL at \$3.48 and Anchorage, AK at \$3.324 per pack. For more on local cigarette taxes, see: <http://tobaccofreekids.org/research/factsheets/pdf/0267.pdf>.

Federal cigarette tax will increase to \$1.01 per pack on 3/31/09. From the beginning of 1998 through 2002, the major cigarette companies increased the prices they charge by more than \$1.25 per pack (but also instituted aggressive retail-level discounting for competitive purposes and to reduce related consumption declines). In January 2003, Philip Morris instituted a 65-cent per pack price cut for four of its major brands, to replace its retail-level discounting and fight sales losses to discount brands, and R.J. Reynolds followed suit. In the last several years, Philip Morris, Reynolds American, and Lorillard have increased their product prices by at least 20 cents per pack. **The U.S. Centers for Disease Control & Prevention estimates that smoking-caused health costs total \$10.28 per pack sold and consumed in the U.S.**

The average price for a pack of cigarettes nationwide is roughly \$5.01 (including statewide sales taxes but not local cigarette or sales taxes, other than NYC's \$1.50 per pack cigarette tax), with considerable state-to-state differences because of different state tax rates, and different manufacturer, wholesaler, and retailer pricing and discounting practices. AK, DE, MT, NH & OR have no state retail sales tax at all; CO, MN & OK have a state sales tax but it do not apply it to cigarettes; and AL, GA & MO (unlike the rest of the states) do not apply their state sales tax to that portion of retail cigarette prices that represents the state's cigarette excise tax.

Campaign for Tobacco-Free Kids, February 17, 2009 / Eric Lindblom

For additional information see the Campaign's website at <http://tobaccofreekids.org/reports/prices>.

Sources: Orzechowski & Walker, *Tax Burden on Tobacco*, 2007; media reports.

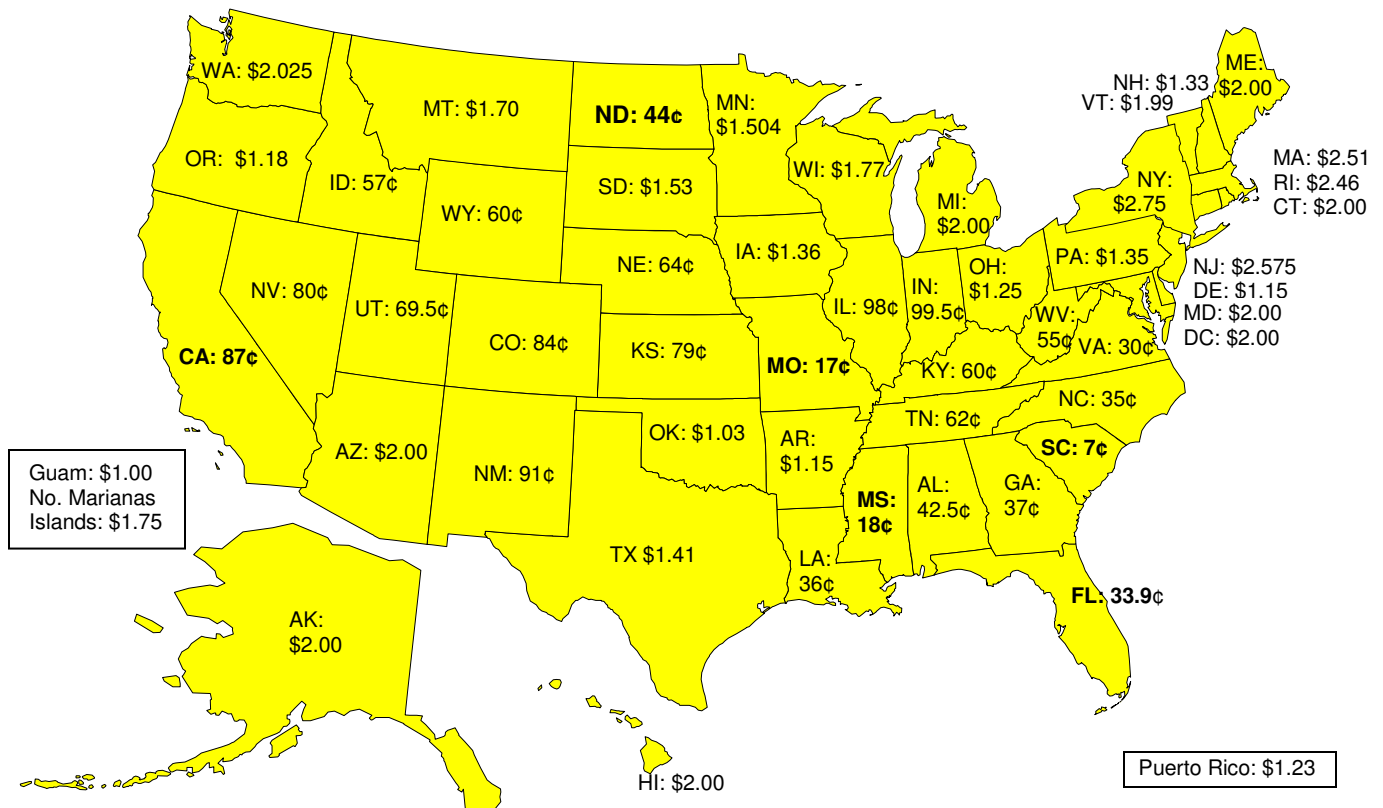


MAP OF STATE CIGARETTE TAX RATES

Average State Cigarette Tax: \$1.21 per Pack

Average Cigarette Tax in Major Tobacco States: 38.5 cents per Pack

Average Cigarette Tax in Non-Tobacco States: \$1.32 per Pack



Map shows state cigarette tax rates in effect now and those that will go into effect through June 30, 2009 (AR on 3/1/09, KY on 4/1/09). The six states that have not increased their cigarette tax rate since 1999 or earlier are marked in bold. Currently, 27 states (including DC) and Puerto Rico, the Northern Marianas, and Guam have cigarette tax rates of \$1.00 per pack or higher. Thirteen states (including DC) have cigarette tax rates of \$2.00 per pack or higher. The state averages, listed above, do not include Puerto Rico (with a population larger than those in 20 different states) or any of the U.S. territories (such as Guam). Including Puerto Rico raises the state average slightly. The major tobacco states with extensive tobacco farming and, often, cigarette manufacturing, are NC, KY, VA, SC, TN, & GA. Federal cigarette tax will increase to \$1.01 per pack on 3/31/09. Not shown are the special taxes or fees some states place on cigarettes made by Non-Participating Manufacturers (NPMs), the companies that have not joined the Master Settlement Agreement (MSA) between the states and the major cigarette companies. Some local governments also have their own cigarette taxes, such as Chicago (68¢), Cook County, IL (\$2.00), New York City (\$1.50), and Anchorage, AK (\$1.30). The U.S. Centers for Disease Control & Prevention estimates that smoking-caused health costs and productivity losses total \$10.28 per pack sold.

Campaign for Tobacco-Free Kids, February 17, 2009 / Ann Boonn

For more information on state cigarette taxes and the benefits from increasing them, see <http://tobaccofreekids.org/research/factsheets/index.php?CategoryID=18> and <http://tobaccofreekids.org/reports/prices>.