



Tobacco Taxation Fact Sheet

- Substantial scientific evidence shows that higher cigarette prices result in lower overall cigarette consumption. Most studies indicate that a 10% increase in price will reduce overall cigarette consumption by 3% to 5%.
- Youth, minorities, and low-income smokers are two to three times more likely to quit or smoke less than other smokers in response to price increases.
- Increases in cigarette excise taxes are an effective policy tool in deterring smoking initiation among youth, prompting smoking cessation among adults, and reducing the average cigarette consumption among continuing smokers.
- Despite the proven effects of increasing both the price of cigarettes and tobacco excise taxes, the average price and excise tax on cigarettes in the United States is well below those of most other industrialized nations.
- Higher cigarette prices will not simply reduce average cigarette consumption but also will reduce overall smoking prevalence. Higher prices will result in more smokers deciding to quit and fewer young people opting to begin smoking.
- Studies of smokeless tobacco products suggest that increasing their prices would reduce the prevalence of smokeless tobacco use as well.
- Taxes on smokeless tobacco products are much lower than taxes on cigarettes, particularly at the federal level. Research suggests that increases in cigarette excise taxes, while reducing cigarette smoking, may have contributed to greater use of smokeless tobacco products. Some public health advocates and others have therefore called for the equalization of taxes on tobacco.
- Healthy People 2010 calls for state and federal taxes to increase to an average of \$2.00 for both cigarettes and smokeless tobacco products by the year 2010.
- The importance of tobacco to the U.S. economy has been overstated. Judicious policies combined with higher tobacco taxes and stronger prevention policies can help foster economic diversification in tobacco-producing areas.

Global Cigarette Prices and Taxes in U.S. Dollars, 1999

Country	Tax as % of Price	Tax	Price
UK	86%	5.64	6.56
Denmark	82%	4.47	5.47
Portugal	80%	1.88	2.37
Finland	76%	3.82	5.02
France	76%	3.03	4.01
Canada ¹	75%	3.35	4.48
Belgium	75%	2.65	3.55
Italy	75%	1.94	2.60
Austria	74%	2.33	3.15
Greece	73%	1.75	2.41
Spain	73%	1.19	1.63
Netherlands	72%	2.37	3.29
Germany	71%	2.58	3.65
Sweden	70%	3.70	5.27
Ireland	60%	3.26	5.44
Canada ²	55%	1.41	2.55
US ³	41%	1.92	4.65
US ⁴	11%	0.34	3.04

1: (Highest-New Foundland)
2: (Lowest-Ontario)
3: (Highest-Alaska)
4: (Lowest-Kentucky)

Source: Non-smokers' Rights Association web site at <http://www.nsrp>