



Tobacco Excise Taxes

The American Heart Association's Position

The American Heart Association advocates for significant increases in tobacco excise taxes at the federal, state, county and municipal levels. The AHA advocates for significant tobacco tax increases of \$1 or more at the state level. Tobacco excise taxes should be highest for combustible products while FDA-approved modified risk products (when they achieve approval) would be taxed at a lower rate, and tobacco cessation aids should not be taxed at all. E-cigarettes and smokeless tobacco, as long as they are not regulated by FDA as modified risk products, should be taxed at the same rate as other tobacco products. As the AHA works towards an end to tobacco and nicotine addiction, it is imperative that tobacco tax revenue be dedicated to programs and services that help people quit and keep kids from ever starting.

- Smoking is still a leading cause of preventable death in the US and across the globe.¹
- Increases in cigarette prices lead to substantial reductions in cigarette smoking for youth, young adults, and those with low income.⁴
- The last federal cigarette tax increase of 61.66 cents per pack went into effect in 2009. Today, the rate remains the same, making federal tax on a pack of cigarettes \$1.01 per pack.³
- The average state tobacco excise tax is \$1.79/pack.³
- Every state that has increased its cigarette tax significantly has experienced a substantial increase in revenue, despite smoking declines and any ongoing or increased tax evasion.³
- Industry reports show that tobacco companies understand the impact of tax increases on consumption. In response, they mount aggressive opposition campaigns when states or communities propose an increase to their tax. In addition, they have developed pricing strategies in the development of lower cost generic brands, stockpiling, under- and over-price shifting, and price-related marketing efforts like multi-pack discounts and couponing.⁵

Fast Facts:

1. The Congressional Budget Office has concluded that a 10% increase in the price of a pack of cigarettes would reduce youth smoking by 5-15%, and adult smoking by 3-7%.²
2. Tobacco tax increases save lives, provide revenue for local, state, and federal governments, and they have the strong support of the public.³

Impact

- Since 2002, helped by the advocacy efforts of the American Heart Association and public health partners, 48 states and the District of Columbia have increased their cigarette tax rates 136 times with 35 of those states and DC passing multiple tax increases.³ These efforts represent a quadrupling of the average state cigarette tax.³

For more information and resources from the American Heart Association's policy research department on tobacco please visit: <https://www.heart.org/en/about-us/policy-research>.

1. U.S. Department of Health and Human Services. [The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General](#). Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014 [accessed 2018 Feb 22].
2. Congressional Budget Office. 2012. Raising the Excise Tax on Cigarettes: Effects on Health and the Federal Budget. Retrieved from: http://www.cbo.gov/sites/default/files/cbofiles/attachments/06-13Smoking_Reduction.pdf. Accessed on February 19, 2018.
3. Campaign for Tobacco Free Kids. State Cigarette Excise Tax Rates and Rankings. December 2018. <https://www.tobaccofreekids.org/assets/factsheets/0097.pdf>.
4. Bader, P., Boisclair, D., Ferrence, R. Effects of tobacco taxation and pricing on smoking behavior in high risk populations: a knowledge synthesis. *Int J Environ Res Public Health*. 2011. Nov; 8(11): 4118.
5. Ross, H., Tesche, J., Vellios, N. Undermining government tax policies: Common legal strategies employed by the tobacco industry in response to tobacco tax increases. *Preventive Medicine*. December 2017; 105 Supplement: S19-S22.