

Tobacco Tax Talking Points

Use these talking points to discuss the health and fiscal benefits of implementing a tobacco tax in your community.

Tobacco taxes reduce tobacco use.

Increasing the price of tobacco through taxes **improves community health** by:

- Reducing the number of youth who start using tobacco
- Reducing tobacco consumption among current users
- Encouraging tobacco users to quit
- Preventing relapse among people who have quit tobacco

Tobacco taxes can generate significant revenue.

Every significant increase in local, state, or federal cigarette taxes has resulted in substantial increases in revenues. In 2012, the Bethel City Assembly passed a \$2 per pack tax on cigarettes and an equivalent increase in the tax on other tobacco products. These taxes generated approximately \$600,000 during the first 15 months the tax was collected.

There is broad public support for tobacco taxes.

Surveys show that public support for tobacco taxes is strong across regions, political parties, and demographic groups. Support for tobacco taxes increases when a portion of the revenue generated is used to fund tobacco control efforts

Local governments in Alaska can impose excise taxes on tobacco products without a referral to voters.

The Alaska Supreme Court has ruled (2008) that local governments can impose excise taxes on tobacco products. In addition, the Alaska Supreme Court ruled that tobacco excise taxes are not considered a sales tax. Therefore, tobacco excise taxes do not need to be referred to voters.

Tobacco taxes prevent youth tobacco use.

Increasing the price of tobacco through taxes has a greater impact on youth. Youth typically have less disposable income and are thus more sensitive to changes in price.

A 10% (about \$1/pack) increase in the price of cigarettes...

- Reduces adult smoking by 4%
- Reduces number of youth who smoke by 7%
- Reduces the number of pregnant women who smoke by 7%

Tobacco taxes reduce healthcare costs.

Tobacco use is the leading preventable cause of death in Alaska. Tobacco taxes are a proven method for reducing tobacco use and tobacco-related illnesses such as cancer and heart disease. Increasing tobacco taxes saves governments and businesses millions of dollars in tobacco-related health care costs.

Tobacco tax increases are most effective when high taxes are implemented simultaneously on both cigarettes and smokeless tobacco.

It is most beneficial to implement taxes that will raise the overall unit price of the tobacco products by at least 10%. An equivalent tax on other tobacco products is approximately 22 percent for each dollar of tax on a pack of cigarettes. When tax rates are raised on all tobacco products, government revenues increase and smokers inclined to quit are discouraged from switching to a cheaper tobacco products. Without parallel tax rates, tobacco companies have an incentive to label tobacco products so that they are put in the lower-tax category (e.g., cigarettes being labeled as small cigars).

Sources available upon request