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## **Rationale for an Increase in the Tobacco Tax**

### **Background Information:**

- Smoking kills more people than alcohol, AIDS, car crashes, illegal drugs, murders, and suicides combined. Thousands more die from other tobacco-related causes, including the use of smokeless tobacco. The cost is staggering not only in human lives, health, and productivity, but to the state's financial burden for care.
- Over \$6.3 billion are spent annually in smoking-related health services; that is, \$586 per household each year. Supporting a strategy that both increases dollars available for tobacco-related health services and at the same time promotes a reduction in smoking is vital to the health of Florida's citizens and the state's fiscal well-being.
- There is an historical link between tobacco taxation and the funding of healthcare services. The tax benefits are twofold: revenues can be used to fund the Medicaid Medically Needy and Medicaid Aged/Disabled programs, and the higher rate will discourage youth smoking.

### **History of Tobacco Tax in Florida:**

- Since 1982, portions of the tobacco tax have helped pay for health-related costs to the state. Today, that precedent continues with nearly \$500 million a year in tobacco and hospital taxes paying for underinsured Floridians' healthcare.
- Starting in 1998, the period following the much-touted tobacco settlement, the major cigarette companies increased their prices by more than \$1.25 per pack. A hefty federal tax increase occurred in 2002 but *only* three states have not increased their own *state* tobacco sales taxes since 1990 – Florida is one of them.
- Ranking 46<sup>th</sup> in tobacco tax receipts, Florida sells more cigarettes than any other state, and has the fourth highest number of adult smokers. The result is currently a lose-lose situation for the state and its citizens: too many smokers and too low tobacco-related revenue.

### **National Rankings of the Tax:**

Statistics can be daunting, or they can paint a picture clearer than words.

- A survey of the average per pack cigarette tax ranks Florida fifth lowest at \$0.339 per pack versus the national average of \$1.184. With nearly 20 percent of the adult population of Florida smoking, the lost revenue is huge.
- It is estimated that with a \$1.00 per pack tax increase, over one billion dollars per year could be added to the state's coffers. That would be one billion dollars per year to be used to offset the cost of healthcare to smokers the state is currently shouldering alone.

### **Smoking Impact on Cost to Healthcare:**

- While the tobacco industry pours an annual \$930.4 million into marketing its products in Florida, the state is required to pick up \$6.32 billion in smoking healthcare costs as a result.
- Nearly 33,000 adults, those who smoke and those who are simply exposed to smoke, will die each year from the product. Others, whose productivity is affected by smoking, will lose over \$6.47 million due to smoking-related disabilities.

### **Teenage Smoking Facts:**

- The smoking habit is acquired early. Nearly 14.5 percent of Florida high school students smoke – only five percent less than their adult counterparts.
- Florida's youth (children under 18) purchase 31 million packs of cigarettes annually and more than 22,700 become smokers each year.
- Studies show that children are twice as sensitive as adults to tobacco advertising and that one-third of smoking experimentation is directly attributable to tobacco company advertising.