

# Three Reasons to Increase the Tobacco Tax in Idaho

Increasing tobacco user fees is a WIN, WIN, WIN solution for state governments — a health win that reduces tobacco use and saves lives; a financial win that raises revenue and reduces health care costs; and a political win that is popular with the public.

## A HEALTH WIN:

- **A \$1.25 increase in a cigarette tax in Idaho will decrease youth use by an estimated 19% with many youth choosing to not to even begin to smoke because:**
  - Studies and experience in state after state show that higher cigarette fees are one of the most effective ways to reduce smoking among both youth and adults. Having fewer tobacco users means fewer tobacco-caused deaths in Idaho.
  - Every 10 percent increase in the price of cigarettes reduces youth smoking by 6.5% percent and overall cigarette consumption by about four percent.<sup>1</sup>

## A FINANCIAL WIN:

- **An increase of \$1.25 per pack would raise \$48.2 million a year in revenue and equalizing the other tobacco products tax would raise an additional \$2.9 million.**
  - Raising the tax rate on other tobacco products to parallel the increased cigarette tax rate will bring the state more revenues, public health benefits, and cost savings (and promote tax equity).
- **A tobacco tax can be seen as a user's fee... smokers paying a small portion of the burden their tobacco use costs Idaho Medicaid, which is currently \$83 million a year.<sup>2</sup>**
- **In this budget climate where money simply doesn't exist to cover all Idaho Medicaid demands, new revenue could be used to pay for tobacco prevention/cessation programs & Medicaid programs because:**
  - Every state that has significantly increased its cigarette user's fee has enjoyed substantial increases in revenue, even while reducing smoking.
  - These funds have helped states balance budgets and fund essential services like health care and tobacco prevention programs.
  - Contrary to tobacco industry arguments, cigarette fee increases are a reliable source of revenue. Higher cigarette fees also save money by reducing smoking-caused health care costs.<sup>3</sup>

## A POLITICAL WIN:

- 73% of Idahoans support a \$1.50 per pack cigarette tax increase and 84% support an increase on other tobacco products with the cigarette tax increase.

### A Few Notable Idaho Facts<sup>2</sup>

- While the average tax rate in the nation is \$1.45, Idaho is currently ranked 42nd in the nation at \$0.57 a pack, meaning 41 other states have higher tobacco taxes rates than we do.
- Tobacco use currently costs Idaho \$319 million a year in health care related costs.
- Residents' state & federal tax burden from smoking-caused government expenditures is \$538 per every tax-paying household.

<sup>1</sup> Task Force on Community Preventive Services. Tobacco. In : Zaza S, Briss PA, Harris KW, eds. The Guide to Community Preventive Services: What Works to Promote Health? Atlanta (GA): Oxford University Press;2005:3-79.

<sup>2</sup> CDC, State Data Highlights, 2006, [http://www.cdc.gov/tobacco/data\\_statistics/state\\_data/data\\_highlights/2006/index.htm](http://www.cdc.gov/tobacco/data_statistics/state_data/data_highlights/2006/index.htm). TFK, State Cigarette Excise Tax Rates & Rankings, <http://www.tobaccofreekids.org/research/factsheets/pdf/0097.pdf>.

<sup>3</sup> TFK, Tobacco Tax Increases are a Reliable Source of Substantial New State Revenue, <http://www.tobaccofreekids.org/research/factsheets/pdf/0303.pdf>.

The following Idaho organizations support an increase in the tobacco tax to save lives, reduce health care costs and generate much-needed revenue for Medicaid.

