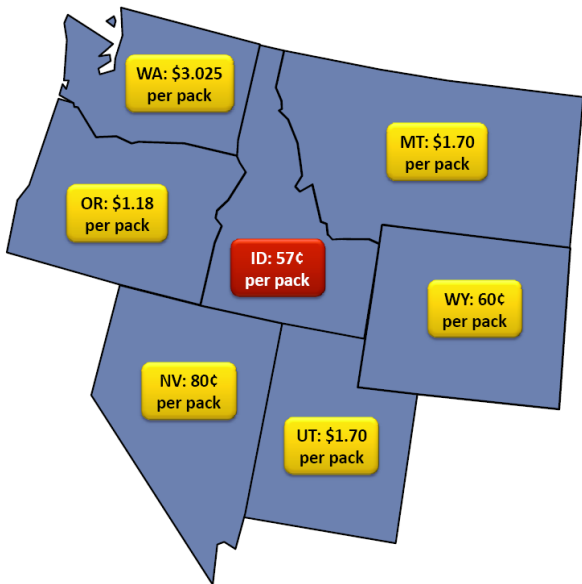


Idaho Tobacco Tax FAQs

How much does tobacco use cost Idaho?

Tobacco use currently costs Idaho \$319 million a year in health care related costs, \$83 million in Medicaid alone. The combined state and federal tax burden from smoking related government expenditures is \$539 per year, per Idaho household.¹



What are the cigarette tax rates of surrounding states?

MT and OR are considering at least \$1.00 increases in the 2011 session.

What are other tobacco products?

Other tobacco products are defined in Idaho statute as any cigars, cheroots, stogies, smoking tobacco, chewing tobacco and snuff, however prepared; and includes any other articles or products made of tobacco or any substitute. New forms of tobacco products are coming to market that would pay very little tax under the current structure.

Why raise the rates on other tobacco products?

Raising the tax rates on other tobacco products to parallel the increased cigarette tax rate brings the state more revenue, more public health benefits, plus health care cost savings, provides tax equity and reduces the chance that youth and adult smokers will simply switch to cheaper tobacco products.

84% of Idahoans agree if there is an increase in the cigarette tax, other tobacco products should be taxed the same.

How much revenue will a \$1.25 per pack cigarette tax increase and an equal OTP tax rate increase generate?

The cigarette tax increase will generate about \$48.2 million a year, and the OTP increase will generate another \$2.9 million. These are conservative estimates that take into account various factors including declines in consumption and any cross border sales or smuggling.

How will the money be used?

A portion of the revenue will be dedicated to a program to reduce tobacco use, while the rest of the revenue will be dedicated to preserving funding for Medicaid health care services.

Why should tobacco users be asked to pay additional taxes?

A tobacco tax can be viewed as a user fee, with revenues helping offset the burden tobacco use places on Idaho's Medicaid program to treat sick smokers, this Medicaid expenditure is currently \$83 million a year.²

Besides generating revenue, why increase the tobacco tax?

It promotes good health by reducing tobacco use and saving lives. A \$1.25 per pack cigarette tax increase will decrease youth use by an estimated 19 percent, help 7,800 current adult smokers quit, prevent 12,500 youth from becoming future smokers, and prevent 6,000 future tobacco-related deaths in the state.³

I don't smoke, why should I care about the tobacco use of others?

An increase in the tobacco tax would help offset the financial strain being put on Idaho's taxpayers, who must absorb a greater portion of the bill each year as Medicaid pays for smoking-related illnesses.

¹ CDC, State Data Highlights, 2006, http://www.cdc.gov/tobacco/data_statistics/state_data/data_highlights/2006/index.htm. U.S. Census Bureau.

² CDC, State Data Highlights, 2006, http://www.cdc.gov/tobacco/data_statistics/state_data/data_highlights/2006/index.htm.

³ Campaign for Tobacco-Free Kids projections, November 4, 2010.