



THE EROSION OF FEDERAL CIGARETTE TAXES OVER TIME -- Compared to Inflation and Cigarette Prices --

	Actual Federal Tax Per Pack	Cigarette Manufacturers Price Per Pack	Average Retail Price Per Pack	Inflation-Adjusted Federal Tax (2002 dollars)	Federal Tax As Percent Of Mfr. Price	Federal Tax As Percent Of Retail Price
1960	\$0.08	\$0.09	\$0.26	\$0.48	47%	31%
1961	\$0.08	\$0.09	\$0.27	\$0.47	47%	30%
1962	\$0.08	\$0.09	\$0.27	\$0.47	47%	30%
1963	\$0.08	\$0.10	\$0.28	\$0.46	45%	29%
1964	\$0.08	\$0.10	\$0.28	\$0.46	45%	28%
1965	\$0.08	\$0.10	\$0.30	\$0.45	45%	27%
1966	\$0.08	\$0.10	\$0.31	\$0.44	44%	26%
1967	\$0.08	\$0.11	\$0.32	\$0.42	43%	25%
1968	\$0.08	\$0.11	\$0.33	\$0.41	42%	24%
1969	\$0.08	\$0.12	\$0.37	\$0.39	41%	22%
1970	\$0.08	\$0.13	\$0.39	\$0.37	39%	21%
1971	\$0.08	\$0.13	\$0.40	\$0.35	39%	20%
1972	\$0.08	\$0.13	\$0.40	\$0.34	39%	20%
1973	\$0.08	\$0.13	\$0.42	\$0.32	38%	19%
1974	\$0.08	\$0.16	\$0.45	\$0.29	34%	18%
1975	\$0.08	\$0.17	\$0.48	\$0.26	32%	17%
1976	\$0.08	\$0.19	\$0.49	\$0.25	30%	16%
1977	\$0.08	\$0.21	\$0.54	\$0.23	28%	15%
1978	\$0.08	\$0.24	\$0.57	\$0.22	25%	14%
1979	\$0.08	\$0.25	\$0.60	\$0.20	25%	13%
1980	\$0.08	\$0.29	\$0.63	\$0.17	22%	13%
1981	\$0.08	\$0.32	\$0.70	\$0.16	20%	11%
1982	\$0.08	\$0.42	\$0.82	\$0.15	16%	10%
1983	\$0.16	\$0.42	\$0.95	\$0.28	27%	17%
1984	\$0.16	\$0.46	\$0.98	\$0.27	26%	16%
1985	\$0.16	\$0.50	\$1.05	\$0.26	24%	15%
1986	\$0.16	\$0.55	\$1.10	\$0.26	22%	15%
1987	\$0.16	\$0.62	\$1.19	\$0.25	20%	13%
1988	\$0.16	\$0.71	\$1.30	\$0.24	18%	12%
1989	\$0.16	\$0.81	\$1.44	\$0.23	16%	11%
1990	\$0.16	\$0.91	\$1.53	\$0.22	15%	10%
1991	\$0.20	\$1.02	\$1.74	\$0.26	16%	12%
1992	\$0.20	\$1.18	\$1.84	\$0.25	14%	11%
1993	\$0.24	\$0.88	\$1.69	\$0.29	21%	14%
1994	\$0.24	\$0.88	\$1.76	\$0.29	21%	14%
1995	\$0.24	\$0.91	\$1.80	\$0.28	21%	13%
1996	\$0.24	\$0.95	\$1.85	\$0.27	20%	13%
1997	\$0.24	\$1.07	\$1.95	\$0.27	18%	12%
1998	\$0.24	\$1.70	\$2.18	\$0.26	12%	11%
1999	\$0.24	\$1.88	\$2.93	\$0.26	11%	8%
2000	\$0.34	\$2.07	\$3.12	\$0.35	14%	11%
2001	\$0.34	\$2.21	\$3.37	\$0.34	13%	10%
2002	\$0.39	\$2.35	\$3.72	\$0.39	14%	11%
2003	\$0.39	\$2.37	\$3.72	\$0.38	14%	11%
2004	\$0.39	\$2.37	\$3.74	\$0.37	14%	10%
2005	\$0.39	\$2.37	\$3.88	\$0.36	14%	10%
2006	\$0.39	\$2.37	\$3.92	\$0.35	14%	10%
2007	\$0.39	\$2.47	\$4.20	\$0.34	14%	9%
2008	\$0.39	\$2.47	\$4.35	\$0.33	14%	9%
2009	\$1.0066	\$2.47	\$4.82	\$0.84	40%	21%

Campaign for Tobacco-Free Kids, April 13, 2009

The 1983 rate increase passed in the Tax Equity and Fiscal Responsibility Act, PL 97-248 signed in 1982 by President Ronald Reagan. The 1991 and 1993 rate increases both passed at same time via Revenue Reconciliation Act, PL 101-508, signed in 1990 by President George H.W. Bush. The 2000 and 2002 rate increases both passed at same time in the Balanced Budget Act of 1997, P.L. 105-33, signed by President Bill Clinton. The 2009 rate increase, effective April 1, 2009, passed in the Children's Health Insurance Program Reauthorization Act of 2009, P.L. 111-3, signed by President Barack Obama.

Sources: Orzechowski & Walker, *Tax Burden on Tobacco*, 2008; U.S. Department of Agriculture Economic Research Service; Bureau of Labor Statistics, U.S. Department of Labor. The wholesale price is the price charged by the cigarette companies to distributors and wholesalers at the factory.