



CLOSING WEIGHT-BASED TAX LOOPHOLES FOR THE NEW GENERATION OF LOW WEIGHT MOIST SNUFF SMOKELESS TOBACCO PRODUCTS

Below are some of the new super-low-weight moist snuff smokeless tobacco products that are grossly under-taxed by simple weight-based tax systems, such as those promoted by UST (the U.S. Smokeless Tobacco Company) and its parent company, Altria (which also owns Philip Morris, maker of Marlboro Snus). For example, on a per-dose basis, a weight-based tax on Marlboro Snus is less than one-fourth the tax on conventional moist snuff brands, such as Skoal and Copenhagen – and the tax on Camel Orbs would be about one-ninth as much.*

By under-taxing these low-weight moist snuff products, a simple weight-based tax contradicts basic principles of tax fairness and equity and steals revenues from the state. In addition, a simple weight-based tax fails to keep up with product price increases and inflation, thereby reducing state revenues further. Under the weight-based tax systems promoted by UST, a state will lose even more revenues every time a regular moist snuff user, or any state smoker, switches to using one of these new under-taxed lower-weight moist snuff products, instead.



Typical Moist Snuff Smokeless
1 tin \approx 1.2 to 1.5 oz.



Camel Snus
1 tin (15 pouches) \approx 0.32 oz.



Marlboro Snus
1 "foil pack" (6 pouches) \approx 0.1 oz.



UST Skoal Pouches
1 tin (20 pouches) \approx 0.82 oz



R.J. Reynolds "Dissolvable" Orbs, Sticks and Strips
1 package (12 pieces) = 0.10-0.21 oz.

* Alpert, HR, et al., "Free Nicotine Content and Strategic Marketing of Moist Snuff Tobacco Products in the U.S.: 2000-2006," *Tobacco Control* 17:332-38, October 2008. [1.2 oz. of conventional moist snuff = 16-18 pinches or doses].

The following table shows how a simple weight-based tax of \$1.00 per ounce would put a much lower per-pack or per-dose tax on each of the emerging new lower-weight moist snuff products shown above, compared to its tax on a standard 1.2 ounce can of conventional moist snuff.

Moist Snuff Products	Weight-Based Tax Per Package (\$1.00 per Ounce)	Weight-Based Tax Per Dose (\$1.00 per Ounce)
<i>Skoal Long Cut (1.2 ounce can)</i>	\$1.20	6.7¢ to 7.5¢
<i>Camel Snus (15 pack)</i>	32¢	2.1¢
<i>Marlboro Snus (6 pack)</i>	10¢	1.7¢
<i>Skoal Pouches (20 pack)</i>	82¢	4.1¢
<i>Camel Orbs (12 pack)</i>	10¢	0.8¢

A Better Way to Tax Moist Snuff Smokeless Tobacco

There are several easy options to avoid all the problems with a simple weight-based tax on all moist snuff tobacco products:

- To maximize both public health benefits and state revenues, set the tax rate on smokeless tobacco products to directly parallel the state's cigarette tax. For example, the tax on a standard 1.2-ounce can of loose moist snuff would equal the state tax on a pack of 20 cigarettes, and the tax per each single-dose unit of snus, hard snuff tablets, or Camel Orbs would equal the state tax on a single cigarette. Ideally, these parallel state tax rates on moist snuff (and other tobacco products) would be set up so that they rise automatically whenever the state increases its cigarette tax rate; and the tax on each product would be the higher of the new cigarette-parallel rates or the state's existing percentage-of-price rate.
- For a quick fix of existing weight-based taxes on moist snuff, make sure they apply only to conventional loose moist snuff – and subject all other moist snuff and smokeless tobacco to the state's percentage of price tax – or set the tax on all smokeless tobacco to be the higher of the existing state percentage-of-price tax or the existing state weight-based tax.

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For more on increasing smokeless tobacco tax rates, see
http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/other_products/.