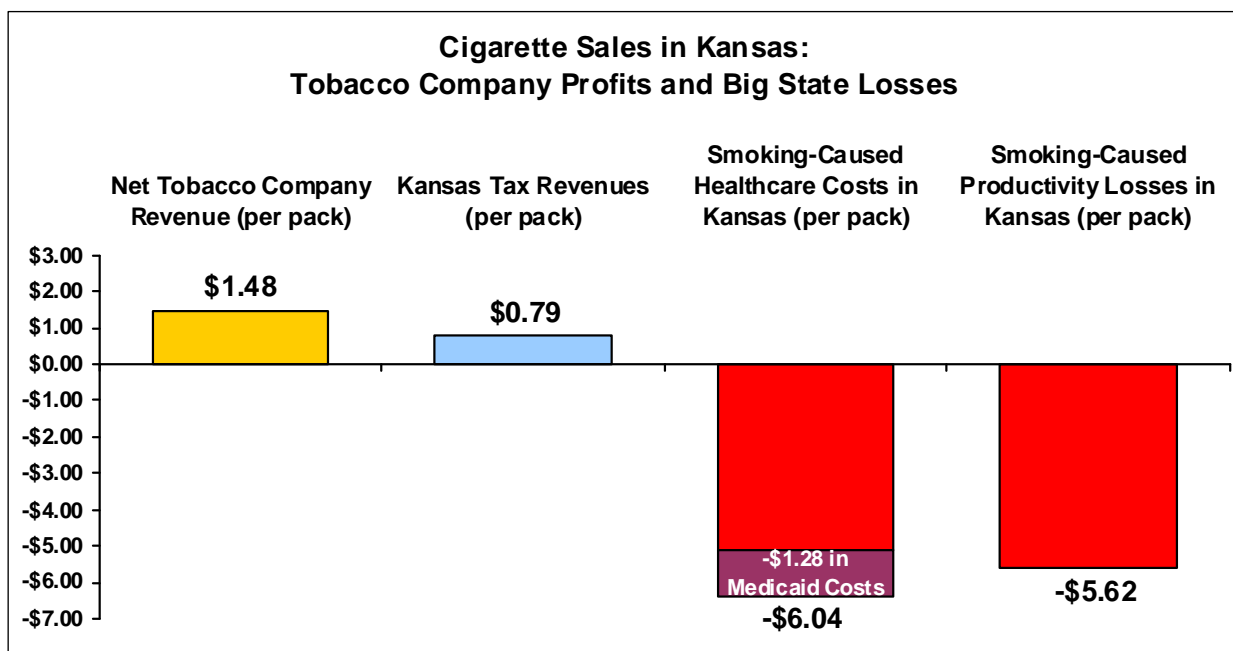


## DOES KANSAS GET MORE MONEY PER PACK THAN THE CIGARETTE COMPANIES?

**No!**

According to Philip Morris USA, the biggest cigarette company in the country, it gets \$1.48 per pack in revenues, not even counting the 61-cents per pack the company receives to cover its state tobacco settlement costs and payments. In sharp contrast, Kansas current receives only 79 cents in cigarette tax revenues per pack sold. More importantly, Philip Morris and the other big cigarette companies enjoy net profits (after all costs and offsets) of 25 to 60 cents per pack or more. But Kansas loses substantially more than ten *dollars* per pack sold and smoked in the state because of smoking-caused healthcare and other costs and smoking-caused worker productivity declines.

As the following chart shows, the state's tax revenues of 79 cents per pack quickly disappear when set against the \$6.04 per pack in state smoking-caused health care costs each year, including \$1.28 per pack just in smoking-caused state Medicaid program costs per pack. Making matters worse, the government and private sector employers in the state lose another \$5.62 per pack in lost worker productivity, just from productive worklives being cut short by premature smoking-caused death.\*



An additional dollar per pack state cigarette tax would substantially increase the state's tax revenues per pack and also help to reduce all the smoking-caused costs and productivity losses in the state. For example, a dollar tax increase would prevent more than 21,000 Kansas kids from becoming addicted smokers, prompt 12,000 adult smokers to quit, and save 10,000 Kansas residents from premature smoking-caused deaths – thereby reducing future healthcare costs in the state by more than \$490 million. But even after these major improvements, the state would still be suffering more than \$10 per pack in healthcare costs and other economic losses – and the cigarette companies would still be enjoying profits of at least 25 to 60 cents per pack.

\* Additional productivity losses, not shown in the chart, come from productive worklives being cut short by smoking-caused disability and from smokers being absent from work for illness more than nonsmokers, taking smoking breaks while at work, and being less productive when on the job. Available research and data has not yet calculated the per-pack costs of these additional productivity losses in Kansas caused by smoking, but it is clear that they are enormous, totaling at least several dollars per pack.