Why Increase the Tax on Cigarettes and other Tobacco?
Raising It’s As Easy As $1.23

Current state cigarette tax: 37 cents per pack (48th among all states and DC) – Nat’l avg. is $1.54
Annual health care expenditures in Georgia directly caused by tobacco use: $3.18 billion

(1) **Raise it for Kids:** Tobacco tax increases are one of the most effective ways to reduce smoking and other tobacco use, especially among kids. According to the Campaign for Tobacco Free Kids and the American Cancer Society Cancer Action Network raising the cigarette tax would prevent 77,300 kids from picking up the habit. For every 10 percent increase in cigarette prices reduces youth smoking by about five to seven percent and overall cigarette consumption by three to four percent.

(2) **Raise it for Healthcare:** Pubic Health Impact of $1.23 Tax Increase
5-Year reduction in the number of smoking-affected pregnancies and births: 9,500
5-Year health care cost savings from fewer smoking-caused lung cancer cases: $12.57 million
5-Year health care cost savings from fewer smoking-caused heart attacks & strokes: $29.28 million
5-Year Medicaid program savings for the state: $8.83 million
Long-term health care cost savings from adult & youth smoking declines: $3.06 billion

(3) **Raise It for Georgia Communities:** With Georgia rural hospitals in peril, with more than 400,000 of Georgians working poor falling in the healthcare coverage gap, and the need to improve our roads, bridges, and infrastructure, increasing the tax on tobacco products would be a reliable and consistent stream of new revenue. A tobacco tax increase of $1.23 would generate at least an estimated $358 million per year in new revenue for Georgia, even after accounting for consumption declines that result from the increased price. Notably, Georgia’s current cigarette tax of 37 cents generates nearly $200 million per year in revenue for Georgia, or about $5 million per penny of tax. At that rate, a $1.23 increase could bring up to $615 million.

What Opponents Will Say

**Myth:** This is a declining source of revenue for Georgia. If Georgians quit smoking, the revenue goes down and those that don’t quit will just go across the border to buy cigarettes in cheaper neighboring states.

**Fact:** Every single state that has raised its cigarette tax rate has subsequently received more tax revenue than they would have received without a rate increase, despite the fact that cigarette tax increases reduce state smoking levels and despite any related increases in cigarette smuggling, tax evasion or cross-border sales. That is, the increased tax per pack brings in more new state revenue than is lost from the related reductions in the number of packs sold and taxed in the state. Moreover, the substantially higher revenue levels enjoyed by those states that significantly increase their cigarette tax rates persist over time (while the cost savings from the related smoking declines grow rapidly).

**Myth:** This is a regressive tax that disproportionately impacts the poor.

**Fact:** Actually, it is just the opposite. It is the harms from smoking that are regressive. Lower-income communities already suffer disproportionately from smoking-caused disease, disability, death, and costs. By prompting more lower-income smokers to quit and cut back, raising state cigarette tax rates will reduce those regressive harms and costs, directly helping lower-income smokers and also reducing smoking-caused costs and harms to their families.
**Myth:** Tobacco Taxes are an unreliable source of funds for the State

**Fact:** Year to year, state tobacco tax revenues are more predictable and less volatile than many other state revenue sources, such as state income tax or corporate tax revenues, which can vary considerably each year because of nationwide recessions or state economic slowdowns. In sharp contrast, large drops in tobacco tax revenue from one year to the next are quite rare because of the addictive power of cigarettes. Moreover, the smoking-reduction revenue declines will occur at a gradual, predictable rate (as related savings grow), making related state budgeting quite easy.

### The Public Supports and Increase in the Tax

In recent years the polling of likely Georgia voters have indicated the following:

**Strong Public Support:** 73% of all respondents would support a measure to increase the tax on cigarettes by at least $1 per pack.

**Bipartisanship:** 70% of Republicans and 77% of Democrats support at least $1 per pack increase to the cigarette tax.