

Tobacco Taxes in PA

Cost-saving. Revenue-generating. Health protecting.

Taxing tobacco products is **the most effective way to reduce consumption of tobacco** – and reducing tobacco use benefits everyone. **Governments earn additional revenues while reducing tax-funded expenditures on health care**; in Pennsylvania, smoking-related state and government expenditures add over \$1,000 to each household's tax burden. Tobacco taxes also protect non-smoking Pennsylvanians from the harmful effects of second- and third-hand smoke, and significantly **reduce youth initiation of tobacco use**. Finally, tobacco taxes **reduce the amount of tobacco that users consume**, and increase the number and success rates of quit attempts. Pennsylvania is also one of the only states that does not tax cigars, creating a major incentive for price-conscious tobacco users – particularly youth – to switch to smoking cigars.

"Increasing the price of tobacco products is the single most effective way to reduce consumption."
–CDC

Tobacco taxes reduce tobacco-related Medicaid expenses, which total \$2.07 billion per year in Pennsylvania.

Cigars are currently untaxed, contributing to the 65,000 (12.5%) high schoolers in PA who smoke cigars.

Pennsylvania's e-cigarette tax exemplifies best practice.

Product	Cigarettes	E-cigarettes (model tax)	Loose and Smokeless Tobacco	Cigars
Tax Rate	\$2.60/pack	40% wholesale	55 cents/ounce	None
Adjusted to Inflation	No	Yes	No	N/A
Date	August '16	October '16	October '16	Never



RECOMMENDATION: Tax non-cigarette tobacco products, including cigars, at a rate of 40% of their wholesale price in order to prevent youth from initiating or switching use due to an uneven tax regime.

Sources:

Centers for Disease Control and Prevention (CDC). *Economic Trends in Tobacco*. (2017).
Campaign for Tobacco Free Kids. *Toll of Tobacco in PA*. (2017).
Pennsylvania Alliance to Control Tobacco. *Tobacco Control in PA 2017*. (2017).
PA Department of Education. *Public School Enrollments 2015-2016*.

