

CDC: Cigarette taxes rose in 14 states last year

April 8 2010, By MIKE STOBBE , AP Medical Writer

(AP) -- Fourteen states, the nation's capital and the federal government hiked their cigarette taxes last year, but health officials worry that tobacco company discounts are keeping prices down.

State increases ranged from 10 cents per pack in North Carolina to \$1 in Connecticut, Florida and Rhode Island. Meanwhile, manufacturers devote billions of dollars on marketing and on promotions to reduce cigarette prices.

"The industry is aggressively moving to undercut and blunt these taxes," said Terry Pechacek, associate director for science in the Centers for Disease Control and Prevention's Office on Smoking and Health.

The nation's largest cigarette maker, however, says it has substantially cut such promotional spending.

The CDC released two reports Thursday on cigarette excise tax increases and minimum pricing laws.

Raising the price of cigarettes is one of the most effective ways to discourage people from smoking, and seems to have a particularly large impact on teens, health officials say. They see cigarette taxes as a key step to try to drive down the U.S. adult smoking rate, which was dropping but has stalled at around 21 percent since 2004.

The average cost of a pack of cigarettes in the United States is roughly

\$5.25, but the price can vary widely by brand, state, city and even neighborhood. About half that cost is taxes, according to estimates by the Campaign for Tobacco-Free Kids, a Washington, D.C. based research and advocacy organization.

The lion's share are excise taxes, collected by all states from manufacturers, wholesalers or distributors. In addition, 44 states charge sales tax at the counter.

According to the CDC, cigarette excise taxes were raised last year in the District of Columbia and 14 states - Arkansas, Connecticut, Delaware, Florida, Hawaii, Kentucky, Mississippi, New Hampshire, New Jersey, North Carolina, Pennsylvania, Rhode Island, Vermont and Wisconsin.

Those kinds of increases occur from time to time, often when state budgets are suffering.

Last year, the average increase was 52 cents per pack, bringing the average state excise tax to \$1.34 per pack.

Meanwhile, the federal government pushed its excise cigarette tax from 39 cents a pack to \$1.01.

This year, Utah, New Mexico and Hawaii have already enacted excise tax increases. And at least five other states are considering them, health advocates say.

But revenues from the taxes generally are used to shore up state budgets, but not to build programs to prevent smoking or to help smokers quit. Earlier this week, the North American Quitline Consortium, a nonprofit organization, issued a report noting growing demand but diminishing funding for smoking quitlines.

CDC officials, in a second report released Thursday, noted that 25 states have laws that set a minimum price that can be charged for cigarettes. Those laws can help keep discounts from offsetting any tax increases, they said.

Cigarette manufacturers spent \$12.5 billion on marketing and promotion of their products in 2006, and more than \$9 billion of that was for reducing the price of a pack at the point of sale, according to an estimate cited by the CDC.

Philip Morris USA, however, said it has been cutting what it spends on promotions and advertising - including coupons and discounts. Spending dropped by a third from 2003 to 2007, said spokesman Bill Phelps.

The Richmond-based company makes about half of the cigarettes sold in the United States.

Rather than raise taxes, legislators should spend more of what they already collect on preventing smoking and programs to help smokers quit, he added.

More information: CDC reports: <http://www.cdc.gov/mmwr>

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