



Coalition on Smoking OR Health

A PUBLIC POLICY PROJECT WITH THE
NATIONAL INTERAGENCY COUNCIL ON SMOKING AND HEALTH
1607 New Hampshire Avenue, N.W., Washington, D.C. 20009
(202) 234-9375

THE FEDERAL CIGARETTE EXCISE TAX FACT SHEET

STEERING COMMITTEE

Alan C. Davis, Chairman
American Cancer Society

Robert G. Weismueller
American Lung Association

Scott D. Ballin
American Heart Association

STAFF DIRECTOR

Matthew L. Myers
Asbill, Junkin, Myers & Buffone

ASSOCIATE DIRECTOR

Susan L. Arnold
Asbill, Junkin, Myers & Buffone

The Coalition on Smoking OR Health, and the forty-seven members of the Ad Hoc Group for a 32 Cent Federal Cigarette Excise Tax, strongly endorse the 24 cent federal cigarette excise tax included in the Senate Budget Reconciliation bill for fiscal year 1987.

Health Facts:

CIGARETTE SMOKING IS THE NUMBER ONE PREVENTABLE CAUSE OF DEATH AND DISABILITY IN THIS COUNTRY

- o 350,000 people die of smoking-related disease annually
- o 9 million people suffer from chronic bronchitis and emphysema because of smoking

Cost: *

SMOKING-RELATED HEALTH CARE COSTS AND LOST PRODUCTIVITY COSTS AMOUNT TO \$2.71 IN COSTS PER PACKAGE OF CIGARETTES

- o \$22 billion annually in health care costs are attributable to smoking
- o \$43 billion annually in lost productivity costs are the result of smoking-related disease
- o \$4.2 billion annually is expended through the Medicare and Medicaid programs for smoking-related health care

History and Impact of the Federal Cigarette Excise Tax

An 8 cent cigarette excise tax was first imposed in 1951. The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) doubled the tax to 16 cents per package of cigarettes for a three-year period ending October 1, 1985. The 16 cent cigarette excise tax was permanently extended in P.L. 99-272 ("COBRA").

- o A 24 cent cigarette excise tax would encourage nearly two million Americans to stop or not start smoking, including 500,000 teenagers -- a decrease of 14% in teenage smoking **
- o A 24 cent cigarette excise tax will generate \$5 billion in new federal revenues over the next three years ***

IF THE FEDERAL CIGARETTE EXCISE TAX HAD KEPT PACE WITH INFLATION IT WOULD BE AT LEAST 32 CENTS TODAY. A 24 CENT CIGARETTE EXCISE TAX IS AN IMPORTANT STEP TOWARD A FAIR TAX ON THIS COSTLY PRODUCT.



"CIGARETTE SMOKING IS THE SINGLE MOST PREVENTABLE CAUSE OF DEATH IN THE UNITED STATES"



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- * Source: Office of Technology and Assessment Staff Memorandum, Smoking Related Deaths and Financial Costs, August, 1985.
- ** Source: Kenneth E. Warner, Consumption Impacts of Change in the Federal Cigarette Excise Tax, for the Harvard University Institute for the Study of Smoking Behavior and Policy Conference on the Cigarette Excise Tax, April 17, 1985.
- *** Source: Senate Finance Committee staff estimate, 1986.



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