

TO: Samuel D. Chilcote, Jr.

FROM: Bill Orzechowski

SUBJECT: Tobacco Tax Increases Contained in the Health Security Act.

According to provisions in the Health Security Act, the cigarette tax would increase by 75 cents per pack. However, other tobacco products taxes would, generally, rise even faster. For example, the tax on snuff would rise from 36 cents per pound to \$12.86 per pound. There are no price indexing provisions in the bill that I could find.

TAX INCREASES IN HEALTH SECURITY ACT

PRODUCT	CURRENT TAX	PROPOSED TAX
CIGARETTES	24C/PACK	99C/PACK
SMALL CIGARS	\$1.125 PER THOUSAND	\$38.625 PER THOUSAND
LARGE CIGARS	12.75% OF PRICE	52.594% OF PRICE
SNUFF	36C/POUND	\$12.86/POUND
CHEWING TOBACCO	12C/POUND	\$12.62/POUND
PIPE TOBACCO	67.5C/POUND	\$13.175/POUND