

MICHIGAN'S CIGARETTE AND TOBACCO TAXES

2011 Statistical Update



Office of Revenue and Tax Analysis
Michigan Department of Treasury
September 2012

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Acknowledgments

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SUMMARY

This report provides updated information on Michigan's tobacco taxes. Michigan has levied an excise tax on cigarettes since 1947. The tax was increased by 50 cents to \$1.25 per pack of 20 cigarettes in August 2002, and increased again by 75 cents to \$2.00 per pack in July 2004. The Michigan tax is in addition to the federal cigarette tax of \$1.01 per pack. The state tax on tobacco products other than cigarettes is 32 percent of the wholesale price.

Tobacco tax revenue totaled \$968.5 million in fiscal year (FY) 2011, down \$38.0 million from FY 2010. This represented a 3.8 percent decrease in tobacco tax revenue compared to FY 2010. Tobacco taxes now account for 4.14 percent of all Michigan taxes, with the lower share in FY 2011 due to both the decline in tobacco tax collections and growth in other taxes as a result of economic recovery. Exhibits 1 through 3 compare Michigan tobacco tax collections over the past thirty years.

Tobacco taxes provide revenue for a number of purposes. For FY 2011, 38.9 percent of tobacco tax revenue was earmarked to the School Aid Fund and 34.5 percent of revenue was earmarked to the Medicaid health program for low-income residents. Exhibit 4 presents the distribution of FY 2011 revenues by fund. Exhibit 5 highlights the growth in tobacco taxes over the past seven years, separating tobacco tax revenue between cigarettes and other tobacco products (cigars, snuff, and pipe, chewing, and roll-your-own smoking tobacco).

Cigarette consumption has continued to decline in recent years. Taxable cigarette sales decreased in FY 2011 by an estimated 4.2 percent to 460.7 million packs sold taxed. Higher federal taxes and the indoor smoking ban that took effect in May 2010 account for at least some of the decline in taxable sales. Taxable cigarette sales are down 41.1 percent since 2001. Per capita sales have also declined to 46.6 packs in 2011, compared to 48.6 packs in 2010 and 78.2 packs in 2001. Exhibits 6 and 7 present taxable cigarette sales over the past thirty years along with per capita consumption estimates.

At least some of the recent decline in the sales of taxable packs is likely due to smokers who have purchased cigarettes that have not been taxed by Michigan. The Michigan Tobacco Products Tax Act prohibits the possession of cigarettes within Michigan unless the cigarettes were subject to the Michigan tax on tobacco products. More information about enforcement of Michigan's tobacco tax laws and a citizen's tax liability for cigarettes purchased over the Internet or out-of-state may be found at: http://www.michigan.gov/taxes/0,1607,7-238-43542_43548---,00.html.

The federal cigarette tax raised \$15.1 billion in the year ending June 2011, down from \$15.5 billion in the preceding year. The decline in tax revenue reflected a 2.7 percent decline in national cigarette consumption, larger than the average decline of 2.2 percent per year from 1980 to 2011.¹ Exhibit 8 provides historical information on federal tax collections and national cigarette consumption.

¹ Orzechowski and Walker, *The Tax Burden on Tobacco*, vol.42.

All fifty states have increased their cigarette tax rate since 1990. In 2012, Michigan had the 10th highest state tax rate in the nation at \$2.00 (tied with Alaska, Arizona, Maine, and Maryland). In all, 14 states and the District of Columbia have tax rates of \$2.00 per pack or higher. Generally states with higher taxes have fewer cigarettes sold subject to the tax on a per capita basis, although the relationship is imprecise. For example, Michigan has a relatively high cigarette tax but ranks 28th in the nation in taxable cigarette sales per capita. By comparison, California and Colorado both have lower cigarette tax rates and rank lower in sales per capita. Exhibits 9 through 13 compare cigarette taxes, prices, and taxable cigarette sales across the U.S.

Michigan's tax on OTP has risen from 16 percent of the wholesale price from May 1994 to August 2002, to 32 percent of the price following the 2004 tax increase. The higher tax rate on OTP has contributed to increased tax revenues. While the tax rate on OTP has doubled in recent years, it remains significantly lower than the tax rate on cigarettes as a percentage of the price and this difference has increased the sales of certain types of OTP such as little cigars and roll-your-own smoking tobacco. Exhibit 14 compares the state tax rates on OTP, as well as providing recent data on tax collections and usage.

Adults in Michigan are more likely to smoke cigarettes, on average, than adults in other states. The overall average prevalence in Michigan among adults was 18.9 percent in 2010, higher than the median value across the U.S. states of 17.4 percent. However, the prevalence of smoking in Michigan declined by 1.5 percentage points overall from 2008 to 2010. Men are more likely to smoke than women, both in Michigan and across the U.S. Exhibit 15 compares the overall prevalence of smoking and provides the distribution by gender for all fifty states.

The decline in taxable cigarette sales in Michigan following the tax increases enacted in 2002 and 2004 suggests that cigarette smoking may also be declining. Recent survey data support that conclusion. Exhibit 16 compares the Michigan cigarette tax with the survey data on the prevalence of smoking among high school students and adults. Both groups have seen declines in the prevalence of smoking as the tax rate has risen. The decline has been larger among high school students, with the prevalence of smoking falling from 38.2 percent in 1997 to 17.0 percent in 2005, increasing somewhat to 18.8 percent in 2009, and then dropping to 14.0 percent in 2011. The significant price increase following the federal tax increase in 2009 may have contributed to the decline in youth smoking between 2009 and 2011. Survey data also indicate that the use of smokeless tobacco among Michigan's youth declined from 2009 to 2011. The prevalence among adults has fallen from 26.1 percent in 2001 to 18.9 percent in 2010, a decline of 27.6 percent. Survey data for 2011 indicate the prevalence of smoking among Michigan adults, 23.3 percent, is higher than earlier years. However, the 2011 survey included changes in survey methodology designed to more accurately represent the adult population, so the increase is unlikely to represent a jump in the prevalence of smoking in 2011. The methodological change means the results are not comparable to estimates from previous years so the value for 2011 was not incorporated into Exhibit 16.

More reports on Michigan's tobacco taxes are available on the Department of Treasury's website at www.michigan.gov/treasury. If you have questions on this report, please contact Scott Darragh at (517) 373-2697.

Exhibit 1
Tobacco Tax Revenues
(thousands)

Fiscal Year	Rate (Cents)	Nominal Tobacco Tax Revenue ⁽¹⁾	Total Tax Revenue	Revenue Per Penny of Tax	Inflation-Adjusted Revenue ⁽²⁾	Tax as Percent of Total Taxes
1983	21	242,068	7,337,434	11,527	513,630	3.30
1984	21	240,957	8,405,736	11,474	494,429	2.87
1985	21	241,037	8,958,027	11,478	477,921	2.69
1986	21	236,489	9,270,805	11,261	462,409	2.55
1987	21	237,382	9,591,731	11,304	450,027	2.47
1988	21/25	264,496 ⁽³⁾	10,285,540	11,021	482,426	2.57
1989	25	267,016	10,850,896	10,681	462,333	2.46
1990	25	255,339	11,062,400	10,214	420,456	2.31
1991	25	259,160	10,865,460	10,366	412,319	2.39
1992	25	246,005	11,267,492	9,840	383,326	2.18
1993	25	243,648	11,891,105	9,746	369,591	2.05
1994	25/75	395,715 ⁽³⁾	14,014,810	8,634	581,921	2.82
1995	75	619,401	17,009,114	8,259	882,667	3.64
1996	75	580,772	18,090,458	7,744	806,454	3.21
1997	75	546,026	18,970,316	7,280	739,773	2.88
1998	75	566,046	20,149,025	7,547	750,100	2.81
1999	75	615,129	21,472,775	8,202	794,751	2.86
2000	75	604,212	22,363,369	8,056	753,521	2.70
2001	75	596,082	21,872,223	7,948	723,775	2.73
2002	75/125	669,914 ⁽³⁾	21,455,308	8,039	792,962	3.12
2003	125	891,775	21,718,157	7,134	1,034,752	4.11
2004	125/200	992,793 ⁽³⁾	22,097,228	6,906	1,133,947	4.49
2005	200	1,179,871	23,121,664	5,899	1,309,484	5.10
2006	200	1,169,005	23,364,924	5,845	1,259,148	5.00
2007	200	1,129,226	23,487,484	5,646	1,194,854	4.81
2008	200	1,073,650	25,143,535	5,368	1,110,419	4.27
2009	200	1,041,541	22,384,854	5,208	1,083,838	4.65
2010	200	1,006,527	21,823,324	5,033	1,039,287	4.61
2011	200	968,512	23,414,436	4,843	968,512	4.14

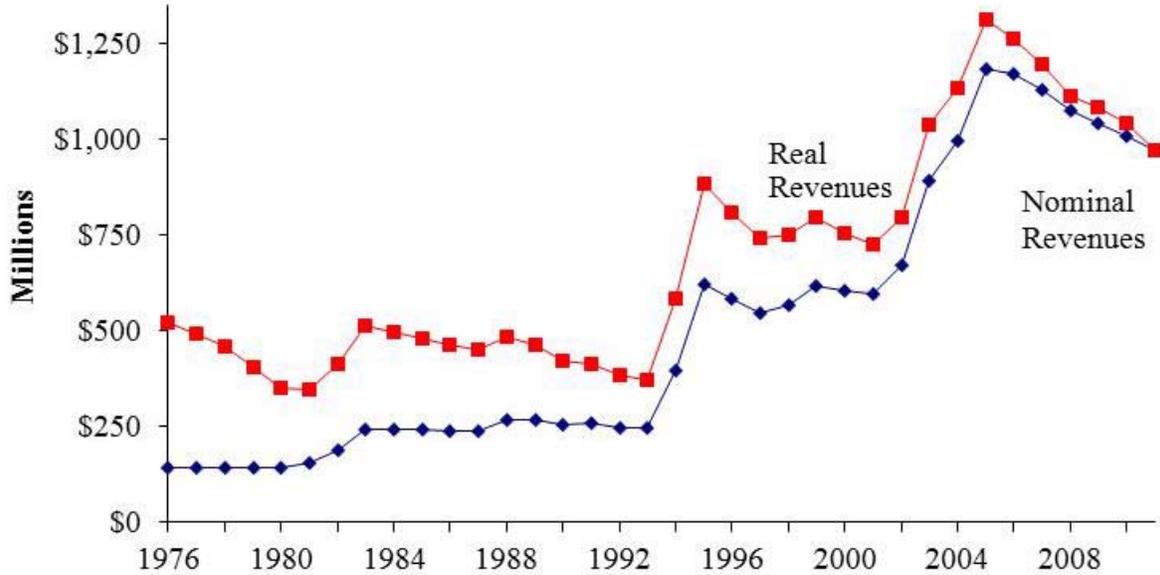
(1) After 1994 figures include tax from other tobacco products.

(2) Adjusted for inflation to 2011 dollars.

(3) Includes approximately \$11 million collected from temporary inventory tax in 1982, \$5 million in 1988, \$22 million in 1994, \$22 million in 2002, and \$28 million in 2004.

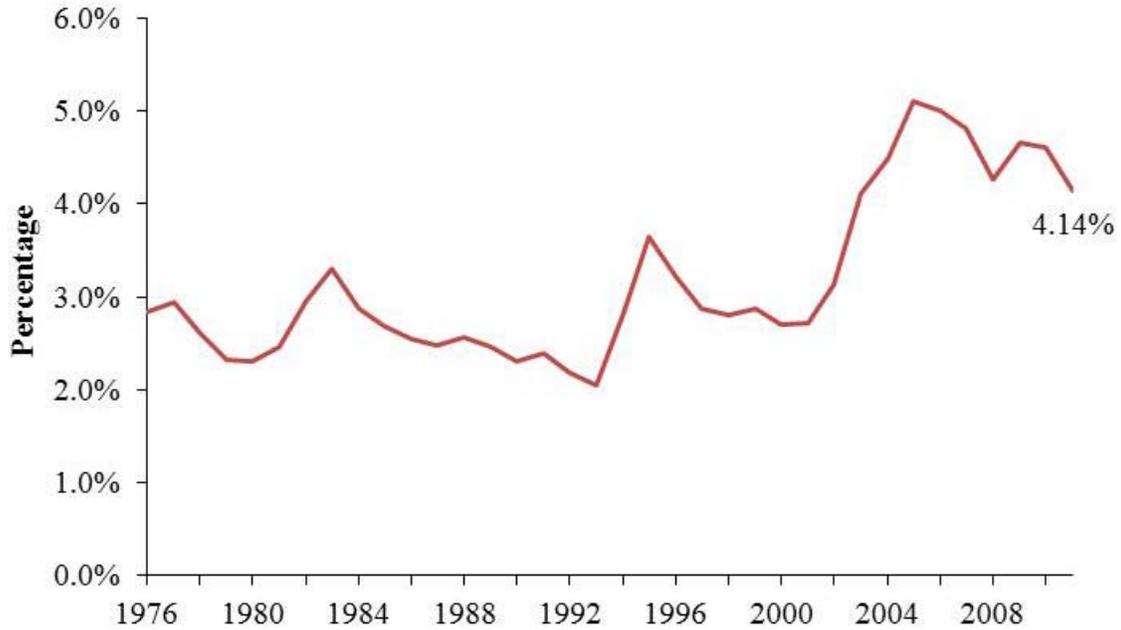
Sources: Michigan Department of Technology, Management & Budget and U.S. Bureau of Labor Statistics.

Exhibit 2
Michigan Cigarette Tax Collections



Source: Michigan Department of Technology, Management & Budget, and U.S Bureau of Labor Statistics.

Exhibit 3
Michigan Cigarette Tax Revenue as Share of Total State Tax Revenue



Source: Michigan Department of Technology, Management & Budget.

Exhibit 4
Distribution of Tobacco Tax Revenue
FY 2011

<u>Distribution</u>	<u>FY 2011 Revenue (thousands)</u>	<u>Percent of Revenue</u>
General Fund/General Purpose	\$195,748	20.2%
School Aid Fund	\$376,360	38.9%
Health and Safety Fund	\$22,968	2.4%
Healthy Michigan Fund	\$33,887	3.5%
Medicaid Benefit Trust Fund	\$334,285	34.5%
Wayne County - Indigent Care	<u>\$5,265</u>	<u>0.5%</u>
Total	\$968,513	100.0%

Note: Total differs from Exhibit 1 due to rounding.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury

Exhibit 5
Distribution of Tobacco Tax Revenue by Product
Fiscal Years 2001 – 2011

<u>Year</u>	<u>Tax Rate</u>		<u>Tax Revenue (thousands)</u>		
	<u>Cigarette</u> ⁽¹⁾	<u>OTP</u> ⁽²⁾	<u>Cigarette</u>	<u>OTP</u>	<u>Total</u>
2001	\$0.75	16%	\$579,151	\$16,931	\$596,082
2002	\$0.75/\$1.25	16%/20%	\$650,880	\$19,034	\$669,914
2003	\$1.25	20%	\$868,963	\$22,812	\$891,775
2004	\$1.25/\$2.00	20%/32%	\$964,193	\$28,600	\$992,793
2005	\$2.00	32%	\$1,139,605	\$40,266	\$1,179,871
2006	\$2.00	32%	\$1,131,153	\$37,852	\$1,169,005
2007	\$2.00	32%	\$1,084,006	\$45,220	\$1,129,226
2008	\$2.00	32%	\$1,024,124	\$49,526	\$1,073,650
2009	\$2.00	32%	\$985,654	\$55,887	\$1,041,541
2010	\$2.00	32%	\$947,083	\$59,444	\$1,006,527
2011	\$2.00	32%	\$907,558	\$60,955	\$968,513

Notes:

- (1) Tax rate is the tax per pack of 20 cigarettes.
- (2) OTP represents "Other Tobacco Products," which are taxed as a percentage of the wholesale price.
- (3) Total may differ slightly from Exhibit 1 due to rounding.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury

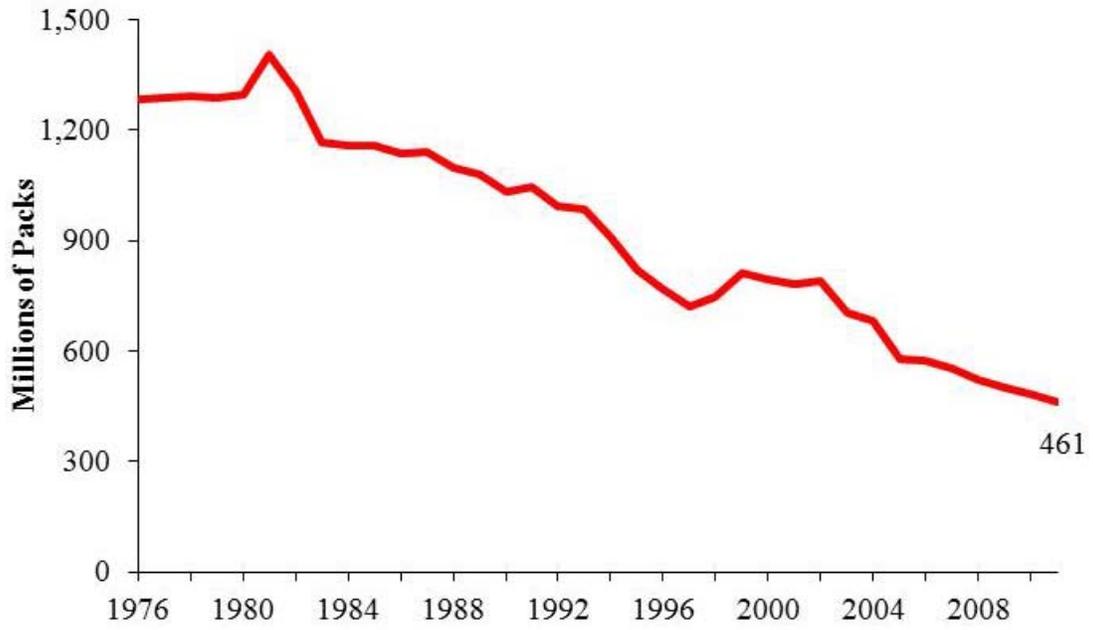
Exhibit 6
Cigarette Packs Sold Taxed

Year	Average Retail Price	Percent Change	Calculated Packs Sold Taxed (000s)	Percent Change	Calculated Per Capita Packs Sold Taxed	Percent Change
1980	0.62	3.3	1,296,648	0.6	140.0	0.6
1981	0.68	9.7	1,403,370	8.2	152.4	8.9
1982	0.88	29.4	1,302,866	-7.2	142.9	-6.2
1983	0.97	10.2	1,164,348	-10.6	128.7	-10.0
1984	1.01	4.1	1,159,004	-0.5	128.1	-0.5
1985	1.06	5.0	1,159,389	0.0	127.7	-0.3
1986	1.11	4.7	1,137,513	-1.9	124.6	-2.4
1987	1.22	9.9	1,141,809	0.4	124.3	-0.3
1988	1.33	9.0	1,098,387	-3.8	119.1	-4.1
1989	1.44	8.3	1,078,853	-1.8	116.6	-2.1
1990	1.45	0.7	1,031,673	-4.4	110.8	-5.0
1991	1.77	22.1	1,047,111	1.5	111.5	0.6
1992	1.85	4.5	993,960	-5.1	105.0	-5.8
1993	1.63	-11.9	984,436	-1.0	103.3	-1.6
1994	2.24	37.4	912,267	-7.3	95.2	-7.9
1995	2.29	2.2	820,601	-10.0	84.9	-10.8
1996	2.34	2.2	766,580	-6.6	78.7	-7.3
1997	2.43	3.8	719,355	-6.2	73.5	-6.6
1998	2.61	7.5	745,417	3.6	75.9	3.3
1999	3.34	27.7	810,939	8.8	82.2	8.3
2000	3.46	3.5	794,464	-2.0	79.8	-2.9
2001	3.79	9.8	782,589	-1.5	78.2	-2.0
2002	4.35	14.6	791,075	1.1	78.8	0.8
2003	4.33	-0.3	705,293	-10.8	70.1	-11.1
2004	5.09	17.4	680,957	-3.5	67.5	-3.7
2005	5.10	0.3	578,480	-15.0	57.3	-15.1
2006	5.29	3.8	574,189	-0.7	56.9	-0.7
2007	5.35	1.1	550,257	-4.2	54.7	-3.9
2008	5.41	1.2	519,860	-5.5	52.0	-5.1
2009	6.14	13.4	500,332	-3.8	50.2	-3.4
2010	6.21	1.2	480,753	-3.9	48.6	-3.1
2011	6.34	2.0	460,689	-4.2	46.6	-4.1
Annual Average Change 1980 - 2011		7.8%		-3.3%		-3.5%

Note: Average retail price data are from Orzechowski and Walker for November 1 of each year.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.
Population data are from Census Bureau.

**Exhibit 7
Annual Packs Sold Taxed**



Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Exhibit 8
National Cigarette Tax Trends

<u>Year</u>	<u>Federal Tax Per Pack (Cents)</u>	<u>Federal Revenues (Millions) ⁽¹⁾</u>	<u>Consumption (Millions of Packs)</u>	<u>Percent Change in Consumption</u>
1980	8.0	2,604.4	30,288.3	-1.5
1981	8.0	2,488.2	31,666.4	4.6
1982	8.0	2,496.1	31,611.8	-0.2
1983	8.0/16.0 ⁽²⁾	3,424.4	29,991.1	-5.1
1984	16.0	4,749.2	29,837.0	-0.5
1985	16.0	4,442.5	29,770.9	-0.2
1986	16.0	4,430.8	29,051.2	-2.4
1987	16.0	4,752.3	28,965.5	-0.3
1988	16.0	4,466.5	27,790.8	-4.1
1989	16.0	4,237.8	26,487.5	-4.7
1990	16.0	4,069.8	25,436.5	-4.0
1991	16.0/20.0 ⁽²⁾	4,754.6	25,376.5	-0.2
1992	20.0	5,043.0	25,215.7	-0.6
1993	20.0/24.0 ⁽²⁾	5,528.0	24,730.1	-1.9
1994	24.0	5,599.5	23,350.0	-5.6
1995	24.0	5,716.8	23,818.0	2.0
1996	24.0	5,679.1	23,660.0	-0.7
1997	24.0	5,743.4	23,929.2	1.1
1998	24.0	5,559.2	23,163.4	-3.2
1999	24.0	5,193.1	21,637.9	-6.6
2000	24.0/34.0 ⁽²⁾	6,230.3	21,325.0	-1.4
2001	34.0	7,080.5	21,250.0	-0.4
2002	39.0 ⁽²⁾	8,036.9	21,310.0	0.3
2003	39.0	7,798.5	20,225.0	-5.1
2004	39.0	7,702.6	19,790.0	-2.2
2005	39.0	7,566.6	19,370.0	-2.1
2006	39.0	7,480.0	19,159.8	-1.1
2007	39.0	7,267.7	18,635.1	-2.7
2008	39.0	6,890.2	17,668.0	-5.2
2009	101.0	8,512.3	16,742.6	-5.2
2010	101.0	15,513.9	15,360.3	-8.3
2011	101.0	15,101.1	14,951.1	-2.7
Annual Average Change 1980 - 2011		5.8%	-2.2%	

(1) Based on year ending June 30.

(2) Rate changed during year.

Source: Orzechowski and Walker.

Exhibit 9
State Cigarette Tax Rate Trends

State	Tax Rate (Cents)			Change, 1990 - 2012	
	1980	1990	2012	Actual	Percent
Alabama	12.0	16.5	42.5	26.0	157.6
Alaska	8.0	29.0	200.0	171.0	589.7
Arizona	13.0	18.0	200.0	182.0	1,011.1
Arkansas	17.8	21.0	115.0	94.0	447.6
California	10.0	35.0	87.0	52.0	148.6
Colorado	10.0	20.0	84.0	64.0	320.0
Connecticut	21.0	40.0	340.0	300.0	750.0
Delaware	14.0	14.0	160.0	146.0	1,042.9
Florida	21.0	24.0	133.9	109.9	457.9
Georgia	12.0	12.0	37.0	25.0	208.3
Hawaii	14.0	42.0	320.0	278.0	661.9
Idaho	9.1	18.0	57.0	39.0	216.7
Illinois	12.0	30.0	198.0	168.0	560.0
Indiana	10.5	15.5	99.5	84.0	541.9
Iowa	13.0	31.0	136.0	105.0	338.7
Kansas	11.0	24.0	79.0	55.0	229.2
Kentucky	3.0	3.0	60.0	57.0	1,900.0
Louisiana	11.0	20.0	36.0	16.0	80.0
Maine	16.0	31.0	200.0	169.0	545.2
Maryland	10.0	13.0	200.0	187.0	1,438.5
Massachusetts	21.0	26.0	251.0	225.0	865.4
Michigan	11.0	25.0	200.0	175.0	700.0
Minnesota	18.0	38.0	160.0	122.0	321.1
Mississippi	11.0	18.0	68.0	50.0	277.8
Missouri	9.0	13.0	17.0	4.0	30.8
Montana	12.0	18.0	170.0	152.0	844.4
Nebraska	13.0	27.0	64.0	37.0	137.0
Nevada	10.0	35.0	80.0	45.0	128.6
New Hampshire	12.0	25.0	168.0	143.0	572.0
New Jersey	19.0	40.0	270.0	230.0	575.0
New Mexico	12.0	15.0	166.0	151.0	1,006.7
New York	15.0	39.0	435.0	396.0	1,015.4
North Carolina	2.0	2.0	45.0	43.0	2,150.0
North Dakota	12.0	30.0	44.0	14.0	46.7
Ohio	15.0	18.0	125.0	107.0	594.4
Oklahoma	18.0	23.0	103.0	80.0	347.8
Oregon	9.0	28.0	118.0	90.0	321.4
Pennsylvania	18.0	18.0	160.0	142.0	788.9
Rhode Island	18.0	37.0	350.0	313.0	845.9
South Carolina	7.0	7.0	57.0	50.0	714.3
South Dakota	14.0	23.0	153.0	130.0	565.2
Tennessee	13.0	13.0	62.0	49.0	376.9
Texas	18.5	41.0	141.0	100.0	243.9
Utah	10.0	23.0	170.0	147.0	639.1
Vermont	12.0	17.0	262.0	245.0	1,441.2
Virginia	2.5	2.5	30.0	27.5	1,100.0
Washington	16.0	34.0	302.5	268.5	789.7
West Virginia	17.0	17.0	55.0	38.0	223.5
Wisconsin	16.0	30.0	252.0	222.0	740.0
Wyoming	8.0	12.0	60.0	48.0	400.0
U.S. Average	12.7	23.0	146.5	123.4	536.0
Federal Tax	8.0	16.0	101.0	85.0	531.3

Sources: Orzechowski and Walker, Federation of Tax Administrators, and Campaign for Tobacco-Free Kids.
Tax rates for 2012 are those in effect on July 1.

Exhibit 10
State Comparisons, 2011 Cigarette Tax

<u>State</u>	<u>Tax Rate (Cents)⁽¹⁾</u>	<u>Rank</u>	<u>2011 Revenues (Thousands)⁽²⁾</u>
Alabama	42.5	46	\$139,000
Alaska	200.0	10	61,478
Arizona	200.0	10	328,721
Arkansas	115.0	28	200,418
California	87.0	32	843,072
Colorado	84.0	33	171,532
Connecticut	340.0	3	389,770
Delaware	160.0	19	125,650
Florida	133.9	25	1,250,817
Georgia	37.0	47	194,648
Hawaii	320.0	4	135,648
Idaho	57.0	41	40,626
Illinois	98.0	31	570,147
Indiana	99.5	30	448,763
Iowa	136.0	24	204,155
Kansas	79.0	35	95,864
Kentucky	60.0	39	270,016
Louisiana	36.0	48	128,615
Maine	200.0	10	135,831
Maryland	200.0	10	399,135
Massachusetts	251.0	9	561,567
Michigan	200.0	10	916,873
Minnesota	157.6	21	430,295
Mississippi	68.0	36	137,064
Missouri	17.0	50	92,748
Montana	170.0	15	76,431
Nebraska	64.0	37	62,516
Nevada	80.0	34	98,666
New Hampshire	168.0	17	218,390
New Jersey	270.0	6	771,158
New Mexico	166.0	18	93,301
New York	435.0	1	1,543,947
North Carolina	45.0	44	261,363
North Dakota	44.0	45	20,433
Ohio	125.0	26	818,437
Oklahoma	103.0	29	239,314
Oregon	118.0	27	212,365
Pennsylvania	160.0	19	1,145,644
Rhode Island	346.0	2	132,345
South Carolina	57.0	41	138,032
South Dakota	153.0	22	54,608
Tennessee	62.0	38	282,038
Texas	141.0	23	1,359,520
Utah	170.0	15	104,571
Vermont	262.0	7	67,896
Virginia	30.0	49	160,997
Washington	302.5	5	433,534
West Virginia	55.0	43	109,958
Wisconsin	252.0	8	609,095
Wyoming	60.0	39	23,885
Average/Total	144.3		\$17,310,897

(1) Rates effective for years ending June 30, 2011.

(2) For year ending June 30, 2011.

Sources: Orzechowski and Walker and Federation of Tax Administrators.

Exhibit 11

2012 Cigarette Tax Rates (Cents Per Pack)*

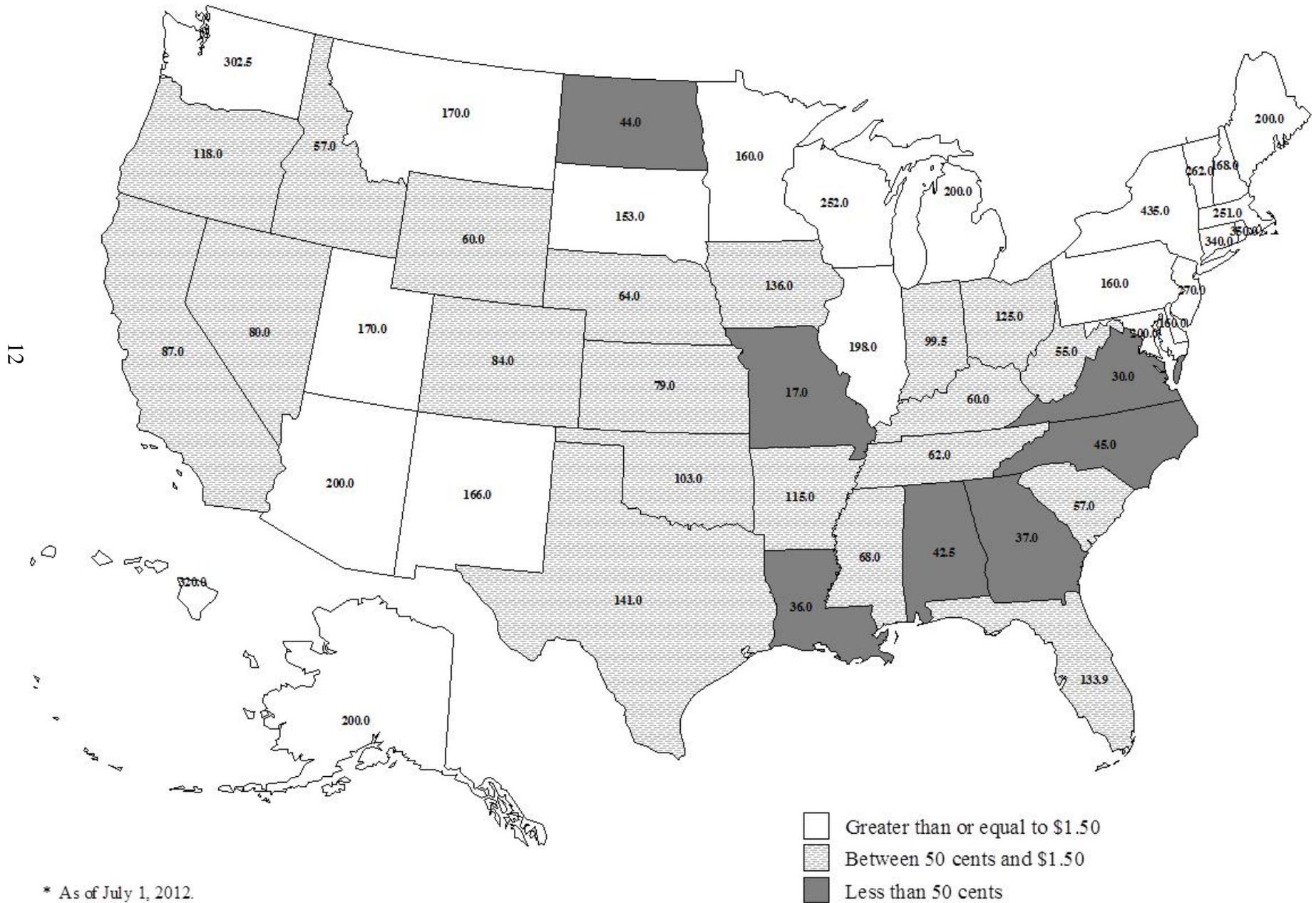


Exhibit 12
Taxed Cigarette Consumption Trends (Millions)

State	2000 Packs Sold Taxed	2011 Packs Sold Taxed	Percent Change
Alabama	428.3	326.9	-23.7
Alaska	43.1	30.7	-28.8
Arizona	280.7	172.9	-38.4
Arkansas	261.6	178.3	-31.8
California	1,352.7	968.5	-28.4
Colorado	304.1	204.4	-32.8
Connecticut	234.4	129.7	-44.7
Delaware	108.0	78.7	-27.1
Florida	1,256.9	934.1	-25.7
Georgia	705.6	526.1	-25.4
Hawaii	40.0	44.7	11.8
Idaho	90.2	71.3	-21.0
Illinois	843.0	581.8	-31.0
Indiana	758.7	451.0	-40.6
Iowa	257.8	149.6	-42.0
Kansas	213.0	117.4	-44.9
Kentucky	624.1	450.0	-27.9
Louisiana	461.5	357.2	-22.6
Maine	104.4	67.9	-35.0
Maryland	304.2	199.5	-34.4
Massachusetts	361.1	223.7	-38.1
Michigan	809.7	458.4	-43.4
Minnesota	367.1	273.4	-25.5
Mississippi	273.6	201.6	-26.3
Missouri	630.4	545.6	-13.5
Montana	71.8	45.0	-37.3
Nebraska	132.2	97.7	-26.1
Nevada	174.3	123.3	-29.3
New Hampshire	180.4	122.2	-32.3
New Jersey	491.5	285.6	-41.9
New Mexico	100.0	56.2	-43.8
New York	1,048.7	354.4	-66.2
North Carolina	847.6	580.8	-31.5
North Dakota	48.0	46.4	-3.3
Ohio	1,130.3	655.3	-42.0
Oklahoma	367.4	266.2	-27.5
Oregon	244.6	180.0	-26.4
Pennsylvania	1,072.6	715.9	-33.3
Rhode Island	82.9	38.3	-53.8
South Carolina	401.0	323.5	-19.3
South Dakota	58.3	35.7	-38.8
Tennessee	615.2	454.9	-26.1
Texas	1,394.6	973.5	-30.2
Utah	89.8	61.5	-31.5
Vermont	54.8	30.5	-44.3
Virginia	676.7	536.7	-20.7
Washington	309.2	146.1	-52.7
West Virginia	198.6	199.9	0.7
Wisconsin	426.5	241.7	-43.3
Wyoming	47.5	39.8	-16.2
Total	21,378.7	14,354.5	-32.9

Source: Orzechowski and Walker. Figures correspond to years ending June 30.

Exhibit 13
2011 Cigarette Prices and Sales

<u>State</u>	<u>2012 State Excise Tax</u>	<u>Weighted Avg. Retail Price⁽¹⁾</u>	<u>Rank by Price</u>	<u>Per Capita Sales (Packs)⁽²⁾</u>	<u>Rank by Per Capita Sales</u>
Alabama	\$0.43	\$4.85	40	68.4	13
Alaska	2.00	8.49	3	43.3	34
Arizona	2.00	6.49	12	27.1	46
Arkansas	1.15	5.55	27	61.1	16
California	0.87	5.40	31	26.0	47
Colorado	0.84	5.22	33	40.6	37
Connecticut	3.40	8.01	4	36.3	39
Delaware	1.60	5.62	25	87.6	5
Florida	1.34	5.52	29	49.7	24
Georgia	0.37	4.64	46	54.3	20
Hawaii	3.20	8.79	2	32.9	43
Idaho	0.57	4.85	40	45.5	30
Illinois	1.98	5.87	20	45.3	32
Indiana	1.00	5.20	34	69.6	11
Iowa	1.36	5.78	22	49.1	25
Kansas	0.79	5.11	35	41.2	36
Kentucky	0.60	4.74	43	103.7	2
Louisiana	0.36	4.64	45	78.8	6
Maine	2.00	6.50	11	51.1	23
Maryland	2.00	6.29	14	34.6	41
Massachusetts	2.51	7.51	7	34.2	42
Michigan	2.00	6.34	13	46.4	28
Minnesota	1.60	5.91	19	51.5	22
Mississippi	0.68	4.95	37	67.9	14
Missouri	0.17	4.30	50	91.1	4
Montana	1.70	6.19	15	45.5	30
Nebraska	0.64	5.11	36	53.5	21
Nevada	0.80	5.23	32	45.7	29
New Hampshire	1.68	5.93	18	92.9	3
New Jersey	2.70	7.37	9	32.5	44
New Mexico	1.66	6.06	16	27.3	45
New York	4.35	9.85	1	18.3	50
North Carolina	0.45	4.61	48	60.9	17
North Dakota	0.44	4.51	49	69.0	12
Ohio	1.25	5.61	26	56.8	18
Oklahoma	1.03	5.55	27	71.0	8
Oregon	1.18	5.52	30	47.0	27
Pennsylvania	1.60	5.77	23	56.4	19
Rhode Island	3.50	7.85	5	36.3	39
South Carolina	0.57	4.84	42	69.9	10
South Dakota	1.53	5.84	21	43.8	33
Tennessee	0.62	4.93	38	71.7	7
Texas	1.41	5.73	24	38.7	38
Utah	1.70	6.00	17	22.3	48
Vermont	2.62	7.43	8	48.7	26
Virginia	0.30	4.66	44	67.1	15
Washington	3.03	7.64	6	21.7	49
West Virginia	0.55	4.63	47	107.9	1
Wisconsin	2.52	7.13	10	42.5	35
Wyoming	0.60	4.86	39	70.5	9
U.S. Average	\$1.46	\$5.61		54.5	

(1) As of November 1, 2011, and includes generic brands.

(2) Per capita sales are as of June 30, 2011.

Source: Orzechowski and Walker.

Exhibit 14
Other Tobacco Products Tax Revenue, FY 2011

State	Net Collections (000's)	Percent of Tobacco Taxes From OTP	Smokeless Tobacco Tax Rate (1)	Smokeless Tobacco Use	
				% of Men Over 18	% of Women Over 18
Alabama	\$6,506.9	4.5	1.5 cents/oz.	7.7	0.4
Alaska	11,666.8	16.0	75.0 %	6.9	0.3
Arizona	18,906.0	5.4	22.3 cents/oz.	2.4	0.1
Arkansas	51,945.7	20.9	68.0 %	9.4	1.0
California	68,041.7	7.5	31.7 %	1.1	0.0
Colorado	29,165.9	14.5	40.0 %	4.3	0.0
Connecticut	7,351.0	1.9	50.0 %	0.9	0.0
Delaware	3,127.3	2.4	15.0 %	1.4	0.0
Florida	90,768.1	6.8	85.0 %	1.7	0.1
Georgia	31,981.6	14.1	10.0 %	3.3	0.8
Hawaii	7,612.3	5.3	70.0 %	1.1	0.0
Idaho	9,602.2	19.1	40.0 %	5.4	0.1
Illinois	28,246.7	4.7	18.0 %	1.9	0.1
Indiana	32,251.7	6.7	24.0 %	3.4	0.1
Iowa	26,005.2	11.8	50.0 %	6.0	0.2
Kansas	5,475.4	5.6	10.0 %	7.0	0.1
Kentucky	21,385.5	7.3	15.0 %	7.6	0.4
Louisiana	25,229.5	16.4	20.0 %	4.5	0.7
Maine	11,565.0	7.8	\$2.02/oz.	2.7	0.0
Maryland	12,372.5	3.0	15.0 %	1.4	0.0
Massachusetts	19,483.6	3.4	90.0 %	0.5	0.1
Michigan	61,681.7	6.4	32.0 %	3.2	0.0
Minnesota	49,198.9	10.3	70.0 %	4.7	0.1
Mississippi	19,696.6	12.6	15.0 %	8.7	0.4
Missouri	15,551.5	14.4	10.0 %	5.1	0.2
Montana	11,463.3	13.0	50.0 %	8.4	0.6
Nebraska	7,886.5	11.2	20.0 %	7.4	0.1
Nevada	10,039.2	9.2	30.0 %	2.1	0.0
New Hampshire	9,492.0	4.2	48.0 %	1.3	0.0
New Jersey	19,112.7	2.4	30.0 %	0.6	0.0
New Mexico	7,095.7	7.1	25.0 %	5.1	0.2
New York	98,293.7	6.0	75.0 %	1.0	0.1
North Carolina	30,350.3	10.9	12.8 %	5.6	0.9
North Dakota	4,717.8	18.8	16 cents/oz.	7.8	0.3
Ohio	52,173.6	6.1	17.0 %	5.0	0.1
Oklahoma	44,234.9	15.6	60.0 %	9.8	0.3
Oregon	51,154.2	19.6	65.0 %	5.3	0.3
Pennsylvania	NA	NA	NA	5.2	0.0
Rhode Island	3,331.9	2.5	80.0 %	0.6	0.0
South Carolina	6,874.7	4.7	5.0 %	4.1	0.5
South Dakota	6,056.9	10.0	35.0 %	7.9	0.3
Tennessee	13,254.5	4.5	6.6 %	6.5	0.4
Texas	175,394.4	11.4	\$1.16/oz.	4.5	0.1
Utah	23,251.5	18.2	86.0 %	4.5	0.1
Vermont	6,512.2	8.8	92.0 %	3.2	0.0
Virginia	17,733.4	9.9	Varies by wgt.	4.2	0.1
Washington	46,392.0	9.7	95.0 %	5.5	0.1
West Virginia	6,221.2	5.6	7.0 %	12.0	0.3
Wisconsin	60,884.8	9.1	71.0 %	4.1	0.1
Wyoming	4,837.0	17.4	20.0 %	13.8	0.8
Total/National	\$1,381,577.9	7.9		4.5	0.1

(1) When tax rates differ by type, the rate for chewing tobacco is shown. Rates effective January 1, 2012.

Sources: Orzechowski & Walker. Usage rates are from the Centers for Disease Control and Prevention for 2006-07.

Exhibit 15
Percentage of Adults Currently Smoking Cigarettes, 2010

<u>State</u>	<u>Overall</u>	<u>Rank</u>	<u>Men</u>	<u>Women</u>
Alabama	21.9	8	25.5	18.7
Alaska	20.4	13	22.5	18.1
Arizona	13.5	47	14.3	12.7
Arkansas	22.9	4	26.2	19.8
California	12.1	49	15.0	9.2
Colorado	16.0	33	18.0	14.0
Connecticut	13.2	48	15.4	11.1
Delaware	17.3	26	19.9	14.9
Florida	17.1	28	18.4	16.0
Georgia	17.6	24	20.0	15.4
Hawaii	14.5	44	16.0	13.0
Idaho	15.7	35	16.8	14.6
Illinois	16.9	30	20.3	13.7
Indiana	21.2	10	23.3	19.3
Iowa	16.1	32	17.5	14.8
Kansas	17.0	29	18.2	15.9
Kentucky	24.8	2	26.3	23.4
Louisiana	22.1	7	25.3	19.1
Maine	18.2	23	19.2	17.3
Maryland	15.2	40	17.3	13.4
Massachusetts	14.1	46	14.8	13.4
Michigan	18.9	18	21.0	17.0
Minnesota	14.9	43	15.5	14.4
Mississippi	22.9	4	26.5	19.7
Missouri	21.1	11	20.7	21.4
Montana	18.8	19	19.7	17.9
Nebraska	17.2	27	18.3	16.2
Nevada	21.3	9	22.4	20.2
New Hampshire	16.9	30	18.0	15.8
New Jersey	14.4	45	15.7	13.2
New Mexico	18.5	20	21.8	15.3
New York	15.5	37	18.1	13.0
North Carolina	19.8	15	23.4	16.4
North Dakota	17.4	25	18.2	16.6
Ohio	22.5	6	23.0	22.1
Oklahoma	23.7	3	25.1	22.3
Oregon	15.1	42	15.5	14.7
Pennsylvania	18.4	22	18.5	18.4
Rhode Island	15.7	35	17.9	13.7
South Carolina	21.0	12	25.2	17.0
South Dakota	15.4	38	17.1	13.7
Tennessee	20.1	14	21.7	18.6
Texas	15.8	34	18.3	13.4
Utah	9.1	50	10.6	7.7
Vermont	15.4	38	15.7	15.0
Virginia	18.5	20	22.2	15.1
Washington	15.2	40	16.2	14.2
West Virginia	26.8	1	28.3	25.4
Wisconsin	19.1	17	20.7	17.4
Wyoming	19.5	16	20.2	18.9
Median for U.S. States	17.4		18.9	15.9

Source: Behavioral Risk Factor Surveillance System reported by Centers for Disease Control.

Exhibit 16
Prevalence of Cigarette Smoking and the Tax Rate on Cigarettes

