

Tobacco Tax Talking Points

Tobacco taxes save lives.

- Commercial tobacco use is the leading cause of preventable death in Michigan and kills more people than AIDS, alcohol, car crashes, illegal drugs, murders, and suicides combined.¹
- Tobacco taxes are the single most effective way to decrease commercial tobacco use, particularly among price-sensitive youth.²
- Increasing the price of tobacco commercial products by raising the tax on these products prevents youth from starting and helps adults quit.³
- Michigan used to be a leader in tobacco tax policy, but now Michigan is one of the only states that hasn't increased its cigarette taxes since 2004.⁴ In the last 17 years, 43 other states have increased cigarette taxes, and many of them have done so multiple times.

Tax commercial tobacco products at the same rate to protect kids.

- Commercial tobacco products, vapor products, and alternative nicotine products should be taxed at the same rate, including e-cigarette devices. This helps prevent young people from starting by using low-priced products.
- In Michigan, the cigar tax is capped at a low rate of 50 cents per cigar, and Michigan currently does not tax e-cigarettes.
- Cigars and e-cigarettes are more popular than cigarettes among high schoolers.⁵ These products can often be purchased in small quantities and are available in flavors that attract young people.
- When cheaper tobacco products are available, commercial tobacco users may switch to another product instead of quitting.

Tobacco use burdens taxpayers and businesses far more than tobacco taxes.

- Smoking causes \$4.78 billion in productivity losses and \$4.59 billion in health care costs in Michigan annually.⁷ These losses cost Michiganders *ten times more* than revenue generated from tobacco taxes each year (\$886.1 million in fiscal year 2018-2019⁶).
- The financial burden of smoking-related government spending costs Michigan taxpayers an average of \$1,001 per household every year.⁷
- Smoking results in \$1.36 billion in Medicaid costs in Michigan every year.⁷ Medicaid is funded by the state and federal governments.
- On average, a cigarette smoker costs an employer an additional \$5,816 per year in productivity losses and health care costs.⁸

Tobacco taxes support state revenue and could be used for tobacco prevention and cessation.

- Even though Michigan received about \$1.2 billion in revenue from tobacco settlement payments and taxes in fiscal year 2019, Michigan spent only 1.5% (\$1.6 million) of the amount recommended by the Centers for Disease Control and Prevention for tobacco prevention programs.^{9,10} Michigan ranks 47th on tobacco prevention spending compared to other states.
- Every state that has significantly increased cigarette taxes has seen revenue gains, even when accounting for decreased sales.¹¹

¹ Campaign for Tobacco-Free Kids. "The Toll of Tobacco in Michigan." Available at: <https://www.tobaccofreekids.org/problem/toll-us/michigan>. Accessed March 23, 2021.

² U.S. Department of Health and Human Services. Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General. Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2012. Available at: https://www.cdc.gov/tobacco/data_statistics/sgr/2012/index.htm

³ Campaign for Tobacco-Free Kids. "Raising Cigarette Taxes Reduces Smoking, Especially Among Kids (And the Cigarette Companies Know It)." March 15, 2021. Available at: <https://www.tobaccofreekids.org/assets/factsheets/0146.pdf>

⁴ Campaign for Tobacco-Free Kids. Cigarette Tax Increases by State per Year." March 15, 2021. Available at: <https://www.tobaccofreekids.org/assets/factsheets/0275.pdf>

⁵ Centers for Disease Control and Prevention. 2019 Youth Risk Behavior Survey Data. Available at: www.cdc.gov/yrbs

⁶ House Fiscal Agency. "State of Michigan Revenue State Source and Distribution." September 2020. Available at: https://www.house.mi.gov/hfa/PDF/RevenueForecast/Source_and_Distribution_Sep2020.pdf

⁷ Campaign for Tobacco-Free Kids. "The Toll of Tobacco in Michigan." Accessed March 31, 2021. Available at: <https://www.tobaccofreekids.org/problem/toll-us/michigan>

⁸ Berman M, Crane R, Seiber E, Munur M. Estimating the cost of a smoking employee. *Tob Control*. 2014;23(5):428-433.

⁹ Campaign for Tobacco-Free Kids. "Appendix A: History of Spending for State Tobacco Prevention Programs." 2021. Available: <https://www.tobaccofreekids.org/assets/factsheets/0209.pdf>

¹⁰ Truth Initiative. "Tobacco use in Michigan 2019." Accessed March 31, 2021. Available at: <https://truthinitiative.org/research-resources/smoking-region/tobacco-use-michigan-2019>

¹¹ Campaign for Tobacco-Free Kids. "Raising State Cigarette Taxes Always Increases State Revenues (and Always Reduces Smoking)." January 19, 2021. Available at: <https://www.tobaccofreekids.org/assets/factsheets/0098.pdf>