

MICHIGAN'S CIGARETTE AND TOBACCO TAXES

2005 Statistical Update



**Tax Analysis Division
Bureau of Tax and Economic Policy
Michigan Department of Treasury
July 2006**

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Acknowledgments

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LIST OF EXHIBITS

<u>Exhibit</u>		<u>Page</u>
1	Tobacco Tax Revenues	3
2	Michigan Cigarette Tax Collections	4
3	Michigan Cigarette Tax Revenue as Share of Total State Tax Revenue.....	4
4	Cigarette Packs Sold Taxed	5
5	Annual Packs Sold Taxed	6
6	National Cigarette Tax Trends.....	7
7	State Cigarette Tax Rate Trends	8
8	State Comparisons, 2005 Cigarette Tax	9
9	2006 State Cigarette Tax Rates.....	10
10	Taxed Cigarette Consumption Trends	11
11	2005 Cigarette Prices and Sales, Ranking by Tax Rate.....	12
12	Other Tobacco Products Tax Revenue, FY 2005	13
13	Percentage of Adults Currently Smoking Cigarettes, 2004.....	14
14	Prevalence of Cigarette Smoking and the Tax Rate on Cigarettes	15

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 39 cents per pack. The state tax on tobacco products other than cigarettes is 32 percent of the wholesale price following the 2004 tax increase.

Tobacco tax revenue totaled \$1,179.9 million in fiscal year (FY) 2005, up \$187.1 million from FY 2004. This represented an 18.8 percent increase in tobacco tax revenues over FY 2004, with the increase due to the full-year implementation of the 2004 tax increase. Tobacco taxes now account for 5.1 percent of all Michigan taxes, almost twice as high as in 2001, before the recent tax increases. Exhibits 1 through 3 compare Michigan tobacco tax collections over the past thirty years.

Cigarette consumption has declined in recent years. Taxable cigarette sales decreased in FY 2005 by an estimated 15.0 percent to 578.5 million packs sold taxed. Much of the decline in consumption is probably due to reductions in cigarette smoking due to the higher tax rate. Taxable cigarette sales are down more than 25 percent since 2001, when the cigarette tax was 75 cents per pack of 20 cigarettes. Per capita sales have also declined to 57.2 packs in 2005, compared to 67.4 packs in 2004 and 78.2 packs in 2001. Exhibits 4 and 5 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 are not taxed by Michigan. A common source for these purchases is through Internet sites that advertise "tax-free" cigarettes. The Michigan Tobacco Products Tax Act prohibits the possession of cigarettes within Michigan unless the package of cigarettes was subject to the Michigan tax on tobacco products. In response to the growth of Internet tobacco sales, the Department of Treasury has increased its enforcement activities related to on-line tobacco sales. The Department of Treasury obtained information from a number of Internet cigarette retailers on customer purchases shipped to Michigan. The Michigan customers were subsequently billed for the unpaid taxes due on their cigarette purchases. More information about the tax and other legal consequences of purchasing cigarettes over the Internet may be found at: www.michigan.gov/documents/TobTaxCompliance_Report_123010_7.pdf.

The federal cigarette tax raised \$7.7 billion in the year ending June 2005, down from \$7.8 billion in the preceding year. The decrease in federal tax revenue reflects a 1.5 percent decline in national cigarette consumption, close to the average decline of 1.6 percent per year from 1976 to 2005.¹ Exhibit 6 provides historical information on federal tax collections and national cigarette consumption.

Forty-seven states have increased their cigarette tax rate since 1990. In 2006, Michigan had the 4th highest tax rate in the nation at \$2.00 (tied with Maine). Generally states with higher taxes have fewer cigarettes sold subject to the tax, although the relationship is imprecise. For example, Maine and Michigan both levy a tax of \$2.00 per pack, which is 4th highest in the nation. However, Maine

¹ Orzechowski and Walker.

is 20th highest in taxable cigarette sales per capita (71.5) and Michigan is 33rd (57.9). Michigan has seen a larger decline in taxable cigarette sales than the overall U.S. decline over the past 10 years. Exhibits 7 through 11 compare cigarette taxes, prices, and taxable cigarette sales across the U.S.

Michigan's tax on other tobacco products (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. Exhibit 12 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 23.4 percent in 2004, higher than the 20.9 percent of adults who smoke cigarettes nationally. Men are more likely to smoke than women, both in Michigan and across the U.S. Exhibit 13 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 14 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. Much of the decline in youth smoking occurred prior to the 2002 tax increase, but the decline in Michigan has been larger than the decline in youth smoking nationally. In addition, youth smoking in Michigan continued to decline in 2005 while youth smoking rose somewhat nationally.

More reports on Michigan's tobacco taxes are available on the Department of Treasury's website at www.michigan.gov/treasury. Click on "Revenue, Economic & Budget Data" to bring up a list of tax reports prepared by the Tax Analysis Division. If you would like to download older tobacco reports, click on the "List of Archived Reports" at the bottom of the page. If you have questions on this report, contact Scott Darragh at (517) 373-2697.

Exhibit 1
Tobacco Tax Revenues
(thousands)

Fiscal Year	Rate (Cents)	Nominal Tax Revenue	Total Tax Revenue	Revenue Per Penny of Tax	Inflation-Adjusted Revenue (1)	Tax as Percent of Total Taxes
1976	11	\$139,647 (2)	\$4,907,922	\$12,695	469,097	2.85
1977	11	140,261	4,760,007	12,751	440,886	2.95
1978	11	140,739	5,389,620	12,794	411,225	2.61
1979	11	140,364	6,044,023	12,760	363,878	2.32
1980	11	141,205	6,126,400	12,837	315,849	2.30
1981	11	152,827	6,195,020	13,893	312,869	2.47
1982	11/21	188,003 (3)	6,371,191	12,396	369,804	2.95
1983	21	242,068	7,337,434	11,527	462,791	3.30
1984	21	240,957	8,405,736	11,474	445,490	2.87
1985	21	241,037	8,958,027	11,478	430,617	2.69
1986	21	236,489	9,270,805	11,261	416,640	2.55
1987	21	237,382	9,591,731	11,304	405,483	2.47
1988	21/25	264,496 (3)	10,285,540	11,021	434,676	2.57
1989	25	267,016	10,850,896	10,681	416,571	2.46
1990	25	255,339	11,062,400	10,214	378,839	2.31
1991	25	259,160	10,865,460	10,366	371,508	2.39
1992	25	246,005	11,267,492	9,840	345,385	2.18
1993	25	243,648	11,891,105	9,746	333,009	2.05
1994	25/75	395,715 (3)	14,014,810	8,634	524,322	2.82
1995	75	619,401	17,009,114	8,259	795,301	3.64
1996	75	580,772	18,090,458	7,744	726,631	3.21
1997	75	546,026	18,970,316	7,280	666,550	2.88
1998	75	566,046	20,149,025	7,547	675,855	2.81
1999	75	615,129	21,472,775	8,202	716,087	2.86
2000	75	604,212	22,363,369	8,056	678,938	2.70
2001	75	596,082	21,872,223	7,948	652,136	2.73
2002	75/125	669,914 (3)	21,455,308	8,039	714,475	3.12
2003	125	891,775	21,718,157	7,134	932,332	4.11
2004	125/200	992,793 (3)	22,097,228	6,906	1,021,709	4.49
2005	200	1,179,871	23,121,664	5,899	1,179,871	5.10

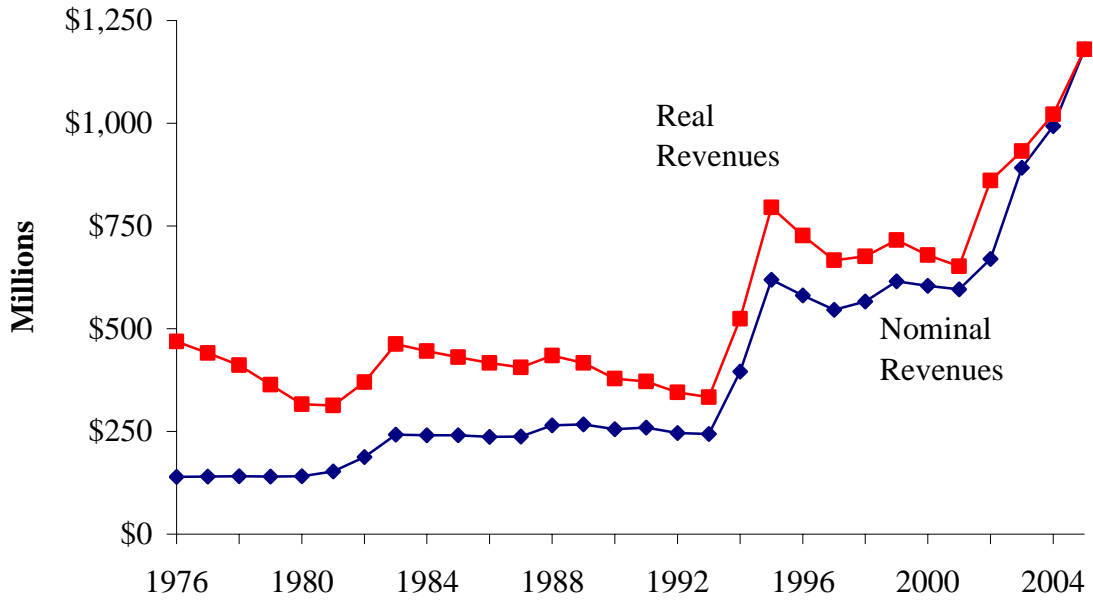
(1) Adjusted for inflation to 2005 dollars.

(2) Actual revenues listed at \$174.5 million due to extended fiscal year. Figure was deflated by 20 percent as an adjustment. After 1994 figures include tax from other tobacco products.

(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.

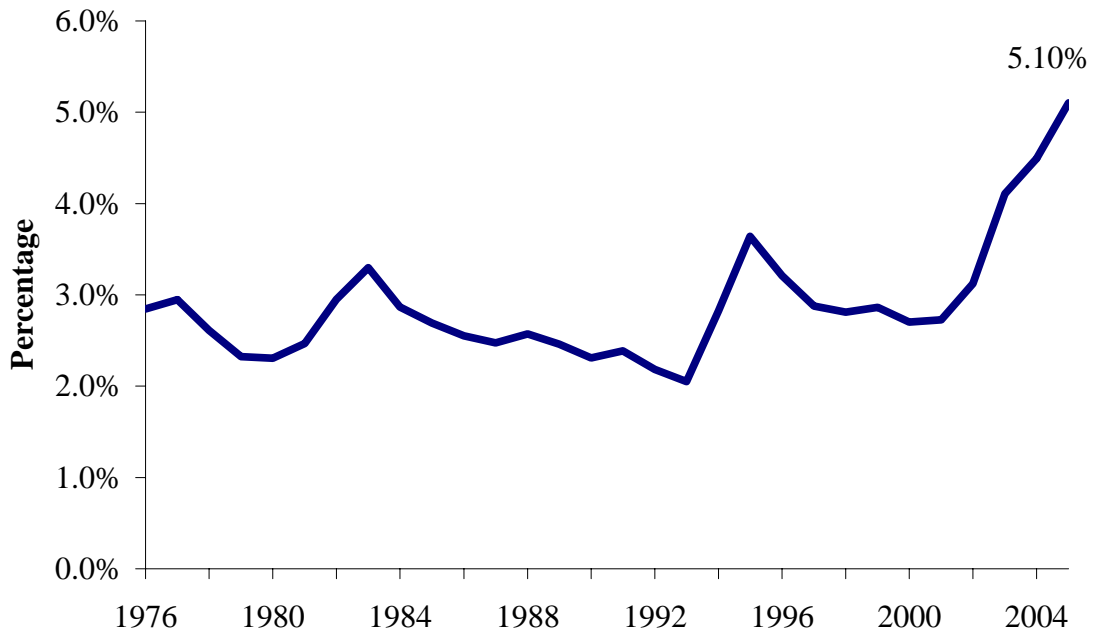
Sources: Michigan Department of Management and Budget and Bureau of Labor Statistics.

Exhibit 2
Michigan Cigarette Tax Collections



Source: Michigan Department of Management and Budget.

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



Source: Michigan Department of Management and Budget.

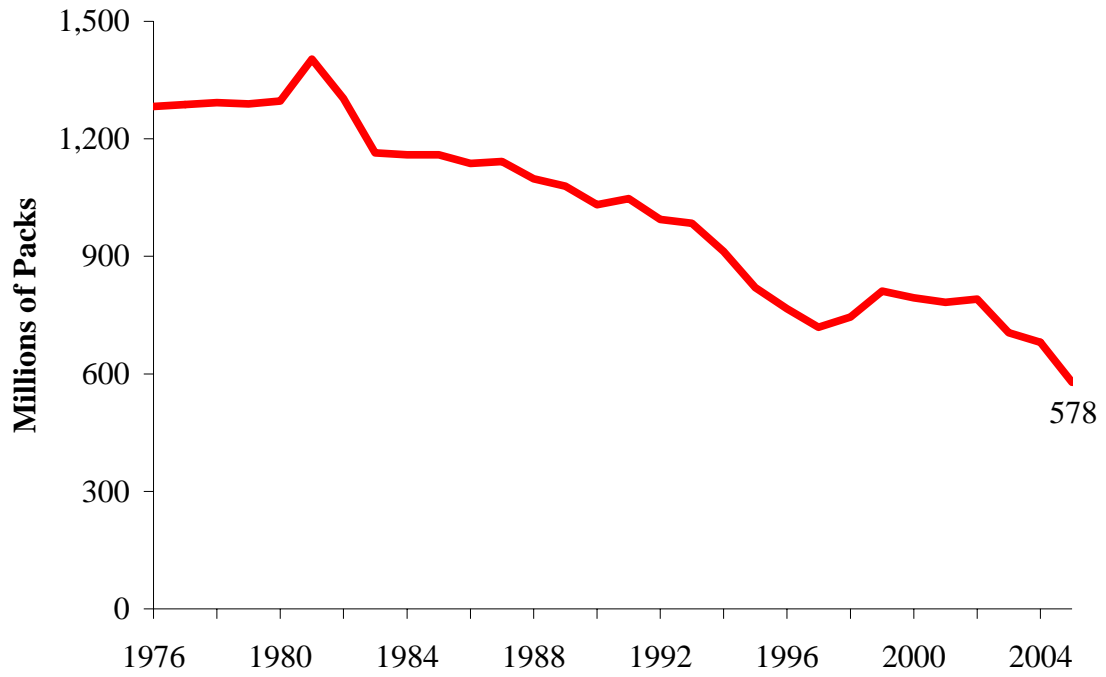
Exhibit 4
Cigarette Packs Sold Taxed

<u>Year</u>	<u>Average Retail Price</u>	<u>Percentage Change</u>	<u>Calculated Packs Sold Taxed (000s)</u>	<u>Percentage Change</u>	<u>Calculated Per Capita Packs Sold Taxed</u>	<u>Percentage Change</u>
1976	\$0.48	NA	1,282,342	NA	140.5	NA
1977	0.54	12.5	1,287,980	0.4	140.4	0.0
1978	0.57	5.6	1,292,369	0.3	140.2	-0.2
1979	0.60	5.3	1,288,926	-0.3	139.1	-0.8
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	0.7
2003	4.33	-0.3	705,293	-10.8	70.0	-11.2
2004	5.09	17.4	680,957	-3.5	67.4	-3.7
2005	5.10	0.3	578,480	-15.0	57.2	-15.2
Annual Average Change 1976 - 2005		8.5%		-2.7%		-3.1%

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

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

**Exhibit 5
Annual Packs Sold Taxed**



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

Exhibit 6
National Cigarette Tax Trends

<u>Year</u>	<u>Federal Tax Rate Per Pack (Cents)</u>	<u>Federal Revenues (Millions) (1)</u>	<u>Consumption (Millions of Packs)</u>	<u>Percent Change in Consumption</u>
1976	8.0	\$ 2,434.8	30,955.9	NA
1977	8.0	2,279.2	29,812.8	-3.7
1978	8.0	2,374.1	30,477.3	2.2
1979	8.0	2,356.1	30,755.9	0.9
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)	8,118.1	20,997.2	-1.2
2003	39.0	7,857.1	20,146.0	-4.1
2004	39.0	7,778.6	19,945.0	-1.0
2005	39.0	7,664.5	19,652.5	-1.5
Annual Average Change 1976 - 2005		4.0%	-1.6%	

(1) Based on year ending June 30.

(2) Rate changed during year.

Source: Orzechowski and Walker.

Exhibit 7
State Cigarette Tax Rate Trends

State	Tax Rate (Cents)			Change, 1990 - 2006	
	1980	1990	2006	Actual	Percent
Alabama	12.0	16.5	42.5	26.0	157.6
Alaska	8.0	29.0	160.0	131.0	451.7
Arizona	13.0	18.0	118.0	100.0	555.6
Arkansas	17.8	21.0	59.0	38.0	181.0
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	151.0	111.0	277.5
Delaware	14.0	14.0	55.0	41.0	292.9
Florida	21.0	24.0	33.9	9.9	41.3
Georgia	12.0	12.0	37.0	25.0	208.3
Hawaii	14.0	42.0	140.0	98.0	233.3
Idaho	9.1	18.0	57.0	39.0	216.7
Illinois	12.0	30.0	98.0	68.0	226.7
Indiana	10.5	15.5	55.5	40.0	258.1
Iowa	13.0	31.0	36.0	5.0	16.1
Kansas	11.0	24.0	79.0	55.0	229.2
Kentucky	3.0	3.0	30.0	27.0	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	100.0	87.0	669.2
Massachusetts	21.0	26.0	151.0	125.0	480.8
Michigan	11.0	25.0	200.0	175.0	700.0
Minnesota	18.0	38.0	123.0	85.0	223.7
Mississippi	11.0	18.0	18.0	0.0	0.0
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	80.0	55.0	220.0
New Jersey	19.0	40.0	240.0	200.0	500.0
New Mexico	12.0	15.0	91.0	76.0	506.7
New York	15.0	39.0	150.0	111.0	284.6
North Carolina	2.0	2.0	30.0	28.0	1,400.0
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	135.0	117.0	650.0
Rhode Island	18.0	37.0	246.0	209.0	564.9
South Carolina	7.0	7.0	7.0	0.0	0.0
South Dakota	14.0	23.0	53.0	30.0	130.4
Tennessee	13.0	13.0	20.0	7.0	53.8
Texas	18.5	41.0	41.0	0.0	0.0
Utah	10.0	23.0	69.5	46.5	202.2
Vermont	12.0	17.0	119.0	102.0	600.0
Virginia	2.5	2.5	30.0	27.5	1,100.0
Washington	16.0	34.0	202.5	168.5	495.6
West Virginia	17.0	17.0	55.0	38.0	223.5
Wisconsin	16.0	30.0	77.0	47.0	156.7
Wyoming	8.0	12.0	60.0	48.0	400.0
U.S. Average	12.7	23.0	91.6	68.5	297.6
Federal Tax	8.0	16.0	39.0	23.0	143.8

Sources: Orzechowski and Walker, Federation of Tax Administrators, and Campaign for Tobacco-Free Kids.
Tax rates for 2006 are those in effect on January 1.

Exhibit 8
State Comparisons, 2005 Cigarette Tax

<u>State</u>	<u>Tax Rate (Cents) (1)</u>	<u>Rank</u>	<u>2005 Revenues (Thousands) (2)</u>
Alabama	42.5	38	\$158,457
Alaska	160.0	7	48,750
Arizona	118.0	16	286,386
Arkansas	59.0	31	129,860
California	87.0	22	1,032,871
Colorado	84.0	23	116,600
Connecticut	151.0	8	270,187
Delaware	55.0	34	82,412
Florida	33.9	43	443,845
Georgia	37.0	40	231,566
Hawaii	140.0	11	83,135
Idaho	57.0	32	46,327
Illinois	98.0	20	650,028
Indiana	55.5	33	331,904
Iowa	36.0	41	89,210
Kansas	79.0	26	118,662
Kentucky	30.0	44	52,020
Louisiana	36.0	41	147,663
Maine	200.0	4	94,024
Maryland	100.0	19	271,054
Massachusetts	151.0	8	413,602
Michigan	200.0	4	1,106,720
Minnesota	123.0	14	160,653
Mississippi	18.0	48	46,344
Missouri	17.0	49	101,284
Montana	170.0	6	59,519
Nebraska	64.0	29	68,200
Nevada	80.0	24	130,166
New Hampshire	80.0	24	93,440
New Jersey	240.0	2	780,657
New Mexico	91.0	21	61,480
New York	150.0	10	939,725
North Carolina	30.0	44	40,052
North Dakota	44.0	37	18,465
Ohio	125.0	13	564,838
Oklahoma	103.0	18	126,710
Oregon	118.0	16	225,592
Pennsylvania	135.0	12	1,051,463
Rhode Island	246.0	1	131,316
South Carolina	7.0	50	27,560
South Dakota	53.0	36	28,066
Tennessee	20.0	47	114,345
Texas	41.0	39	507,341
Utah	69.5	28	56,599
Vermont	119.0	15	47,271
Virginia	30.0	44	114,212
Washington	202.5	3	329,824
West Virginia	55.0	34	102,122
Wisconsin	77.0	27	299,086
Wyoming	60.0	30	23,171
Average/Total	91.6		\$12,454,784

(1) Includes tax law changes effective on or before January 1, 2006.

(2) For year ending June 30, 2005.

Sources: Orzechowski and Walker and Federation of Tax Administrators.

Exhibit 9
2006 State Cigarette Tax Rates (Cents Per Pack)*

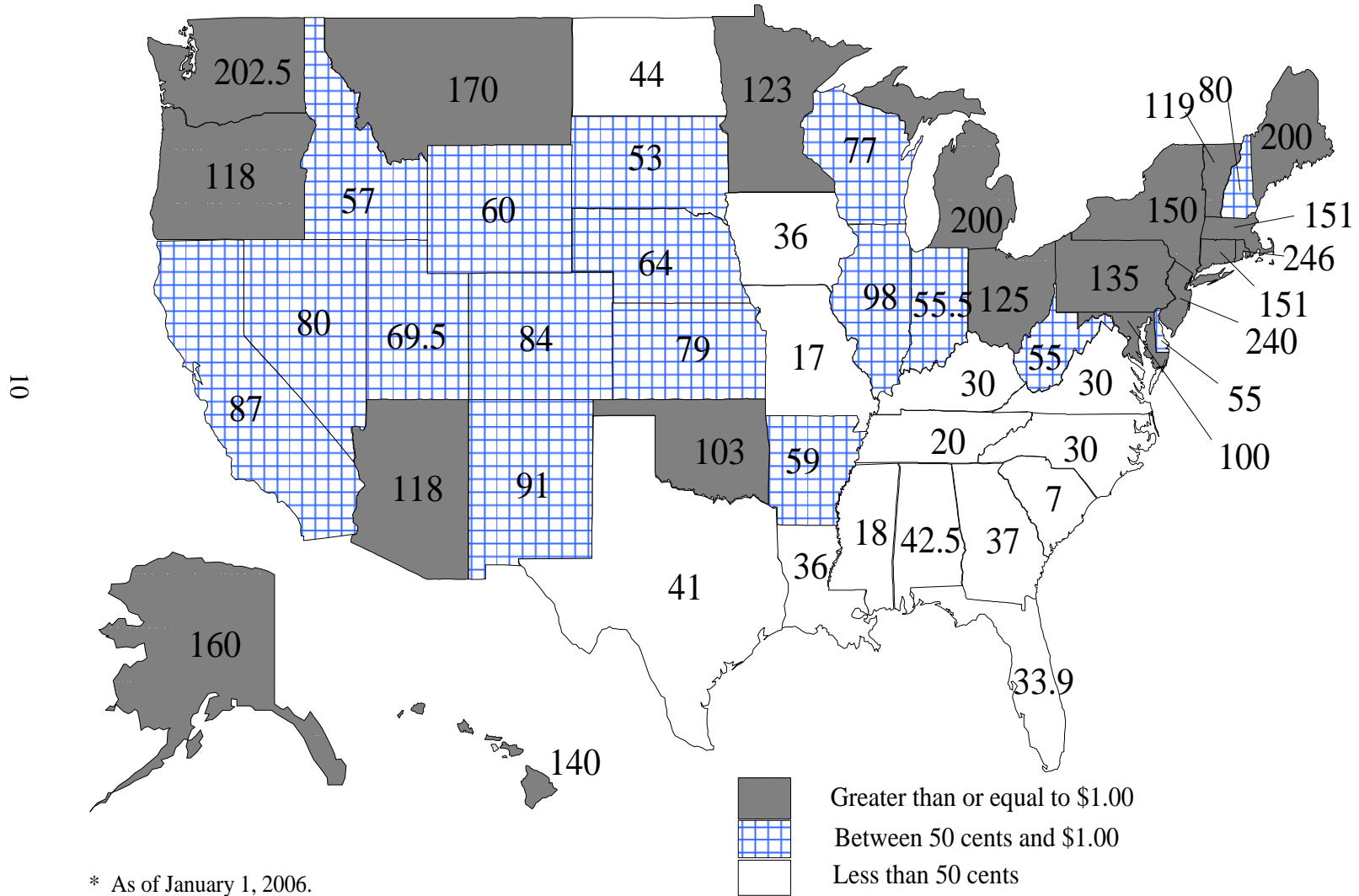


Exhibit 10
Taxed Cigarette Consumption Trends (Millions)

<u>State</u>	<u>1995 Packs Sold Taxed</u>	<u>2005 Packs Sold Taxed</u>	<u>Percent Change</u>
Alabama	430.9	372.8	-13.5
Alaska	54.3	39.6	-27.1
Arizona	309.9	242.7	-21.7
Arkansas	275.4	225.8	-18.0
California	1,790.7	1,187.2	-33.7
Colorado	308.7	266.4	-13.7
Connecticut	259.5	174.6	-32.7
Delaware	89.4	148.4	66.0
Florida	1,320.3	1,309.3	-0.8
Georgia	700.7	625.8	-10.7
Hawaii	54.0	59.4	10.0
Idaho	87.2	81.3	-6.8
Illinois	989.6	663.2	-33.0
Indiana	777.6	598.1	-23.1
Iowa	262.5	247.6	-5.7
Kansas	229.6	150.1	-34.6
Kentucky	665.6	753.1	13.1
Louisiana	455.2	410.2	-9.9
Maine	126.8	94.0	-25.9
Maryland	389.2	271.1	-30.3
Massachusetts	464.5	273.9	-41.0
Michigan	786.2	585.1	-25.6
Minnesota	382.0	334.7	-12.4
Mississippi	284.1	257.5	-9.4
Missouri	652.0	595.8	-8.6
Montana	75.7	58.8	-22.3
Nebraska	142.7	106.6	-25.3
Nevada	142.7	162.7	14.0
New Hampshire	179.1	180.1	0.6
New Jersey	640.2	325.3	-49.2
New Mexico	108.8	67.6	-37.9
New York	1,285.4	624.4	-51.4
North Carolina	873.3	801.0	-8.3
North Dakota	51.2	42.0	-18.0
Ohio	1,242.5	1,018.7	-18.0
Oklahoma	354.9	345.8	-2.6
Oregon	289.5	191.2	-34.0
Pennsylvania	1,152.0	778.7	-32.4
Rhode Island	91.6	53.4	-41.7
South Carolina	399.9	394.4	-1.4
South Dakota	70.8	53.0	-25.1
Tennessee	641.1	571.7	-10.8
Texas	1,365.1	1,244.7	-8.8
Utah	97.4	81.4	-16.4
Vermont	71.3	39.7	-44.3
Virginia	695.7	617.0	-11.3
Washington	355.9	231.6	-34.9
West Virginia	210.4	185.7	-11.7
Wisconsin	475.0	388.4	-18.2
Wyoming	53.7	38.6	-28.1
Total	23,211.8	18,570.2	-20.0

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

Exhibit 11
2005 Cigarette Prices and Sales

<u>State</u>	<u>2006 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	\$3.56	32	82.4	16
Alaska	1.60	5.61	3	60.2	31
Arizona	1.18	4.16	17	42.3	44
Arkansas	0.59	3.53	34	82.1	17
California	0.87	3.95	22	33.1	49
Colorado	0.84	4.04	19	57.9	33
Connecticut	1.51	4.73	11	49.9	39
Delaware	0.55	3.48	37	178.8	2
Florida	0.34	3.43	39	75.3	19
Georgia	0.37	3.48	38	70.2	21
Hawaii	1.40	4.98	9	47.0	42
Idaho	0.57	3.61	31	58.3	32
Illinois	0.98	4.61	12	52.2	38
Indiana	0.56	3.51	36	96.1	8
Iowa	0.36	3.36	43	83.9	14
Kansas	0.79	3.73	27	54.9	36
Kentucky	0.30	3.31	45	181.8	1
Louisiana	0.36	3.41	40	91.0	11
Maine	2.00	5.21	6	71.5	20
Maryland	1.00	3.98	21	48.7	41
Massachusetts	1.51	5.05	8	42.7	43
Michigan	2.00	5.10	7	57.9	33
Minnesota	1.23	4.47	14	65.7	26
Mississippi	0.18	3.18	49	88.8	13
Missouri	0.17	3.19	48	103.4	4
Montana	1.70	4.81	10	63.5	28
Nebraska	0.64	3.65	30	61.0	30
Nevada	0.80	3.75	26	69.7	23
New Hampshire	0.80	3.73	28	138.6	3
New Jersey	2.40	5.62	2	37.5	45
New Mexico	0.91	3.81	23	35.5	47
New York	1.50	5.46	4	32.4	50
North Carolina	0.30	3.29	46	93.8	10
North Dakota	0.44	3.35	44	66.0	25
Ohio	1.25	4.10	18	89.0	12
Oklahoma	1.03	4.00	20	98.2	6
Oregon	1.18	4.23	16	53.2	37
Pennsylvania	1.35	4.33	15	62.8	29
Rhode Island	2.46	5.64	1	49.4	40
South Carolina	0.07	3.15	50	94.0	9
South Dakota	0.53	3.54	33	68.7	24
Tennessee	0.20	3.26	47	97.0	7
Texas	0.41	3.38	42	55.4	35
Utah	0.70	3.77	25	33.6	48
Vermont	1.19	4.48	13	63.9	27
Virginia	0.30	3.53	35	82.5	15
Washington	2.03	5.28	5	37.2	46
West Virginia	0.55	3.39	41	102.4	5
Wisconsin	0.77	3.78	24	70.1	22
Wyoming	0.60	3.65	29	76.4	18
U.S. Average	\$0.92	\$3.89		75.0	

(1) As of November 1, 2005, and includes generic brands.

(2) Per capita sales are as of June 30, 2005.

Source: Orzechowski and Walker.

Exhibit 12
Other Tobacco Products Tax Revenue, FY 2005

State	Net Collections (000's)	Percent of Tobacco Taxes From OTP	Smokeless Tobacco Tax Rate	Smokeless Tobacco Use	
				% of Men Over 18	% of Women Over 18
Alabama	\$5,855.2	3.6	1.5 cents/oz. (1)	7.6	0.7
Alaska	7,693.0	13.7	75.0 %	6.3	0.6
Arizona	8,690.1	3.0	13.3 cents/oz. (1)	2.0	0.0
Arkansas	20,515.6	13.6	32.0 %	7.5	1.1
California	53,805.6	4.9	46.8 %	1.3	0.0
Colorado	15,108.5	11.5	40.0 %	3.5	0.2
Connecticut	3,791.3	1.4	20.0 %	0.4	0.0
Delaware	1,232.1	1.5	15.0 %	2.0	0.1
Florida	29,118.1	6.2	25.0 %	1.7	0.1
Georgia	25,134.2	9.8	10.0 %	5.0	1.3
Hawaii	2,106.5	2.5	40.0 %	1.5	0.0
Idaho	6,519.6	12.3	40.0 %	8.4	0.3
Illinois	18,614.8	2.8	18.0 %	2.4	0.1
Indiana	16,465.9	4.7	18.0 %	4.5	0.1
Iowa	8,734.0	8.9	22.0 %	5.7	0.2
Kansas	4,941.5	4.0	10.0 %	8.5	0.1
Kentucky	NA	NA	7.5 %	8.6	0.5
Louisiana	16,805.7	10.2	20.0 %	5.4	0.2
Maine	4,444.7	4.5	78.0 %	2.8	0.1
Maryland	8,073.0	2.9	15.0 %	1.3	0.1
Massachusetts	10,555.3	2.5	90.0 %	0.5	0.0
Michigan	37,288.7	3.3	32.0 %	2.3	0.0
Minnesota	21,053.3	11.6	70.0 %	4.9	0.0
Mississippi	12,657.1	21.5	15.0 %	9.1	0.8
Missouri	11,079.0	9.9	10.0 %	6.0	0.3
Montana	6,097.5	9.3	50.0 %	10.4	0.1
Nebraska	5,178.1	7.1	20.0 %	6.6	0.1
Nevada	7,557.6	5.5	30.0 %	3.2	0.2
New Hampshire	1,186.5	1.3	19.0 %	1.8	0.1
New Jersey	11,685.8	1.5	30.0 %	0.5	0.0
New Mexico	4,903.4	7.4	25.0 %	4.6	0.1
New York	38,995.7	4.0	37.0 %	0.9	0.1
North Carolina	4,036.4	9.3	3.0 %	5.8	1.6
North Dakota	2,506.1	12.0	16 cents/oz. (1)	7.8	0.1
Ohio	27,698.2	4.8	17.0 %	5.4	0.1
Oklahoma	21,895.6	14.7	60.0 %	9.2	0.3
Oregon	25,961.3	10.3	65.0 %	5.7	0.0
Pennsylvania	NA	NA	NA	5.6	0.0
Rhode Island	1,912.1	1.4	40.0 %	0.4	0.0
South Carolina	4,385.5	13.7	5.0 %	4.1	0.6
South Dakota	1,417.6	4.8	10.0 %	8.5	0.3
Tennessee	8,714.6	7.1	6.6 %	7.7	0.4
Texas	80,405.1	13.7	35.2 %	5.2	0.2
Utah	6,866.0	10.8	35.0 %	2.8	0.0
Vermont	2,691.2	5.4	41.0 %	3.6	0.2
Virginia	3,627.2	3.1	10.0 %	3.4	0.0
Washington	25,611.6	7.2	75.0 %	4.1	0.1
West Virginia	5,637.2	5.4	7.0 %	12.3	0.3
Wisconsin	15,841.2	5.0	25.0 %	4.6	0.0
Wyoming	2,360.4	9.2	20.0 %	13.1	0.2
Total/National	\$667,454.6	5.6		4.8	0.1

(1) When tax rates differ by type, the rate for chewing tobacco is shown. Rates effective August 1, 2005.

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

Exhibit 13
Percentage of Adults Currently Smoking Cigarettes, 2004

<u>State</u>	<u>Overall</u>	<u>Rank</u>	<u>Men</u>	<u>Women</u>
Alabama	24.9	8	29.0	21.2
Alaska	24.9	8	26.4	23.3
Arizona	18.6	44	19.7	17.6
Arkansas	25.7	6	28.1	23.4
California	14.8	49	18.5	11.1
Colorado	20.1	34	22.3	17.8
Connecticut	18.1	46	20.1	16.2
Delaware	24.5	11	28.4	20.9
Florida	20.4	29	23.3	17.7
Georgia	20.1	34	22.4	17.9
Hawaii (1)	17.3	48	20.1	14.4
Idaho	17.5	47	19.2	15.7
Illinois	22.2	19	26.1	18.6
Indiana	25.0	7	26.8	23.2
Iowa	20.8	26	22.8	19.0
Kansas	19.8	40	22.1	17.6
Kentucky	27.6	1	29.3	25.9
Louisiana	23.6	14	26.9	20.5
Maine	21.0	24	22.6	19.5
Maryland	19.7	41	22.7	16.9
Massachusetts	18.5	45	19.7	17.4
Michigan	23.4	15	25.0	21.8
Minnesota	20.7	27	22.0	19.5
Mississippi	24.6	10	29.1	20.5
Missouri	24.1	13	26.1	22.3
Montana	20.4	29	20.6	20.2
Nebraska	20.3	31	23.1	17.7
Nevada	23.2	16	24.7	21.7
New Hampshire	21.8	21	24.0	19.7
New Jersey	18.9	43	20.1	17.8
New Mexico	20.3	31	22.8	17.9
New York	20.0	36	21.2	19.0
North Carolina	23.2	16	26.6	20.0
North Dakota	19.9	39	24.1	15.8
Ohio	25.9	5	27.3	24.7
Oklahoma	26.1	3	28.1	24.2
Oregon	20.0	36	21.9	18.2
Pennsylvania	22.7	18	23.0	22.5
Rhode Island	21.3	23	23.7	19.2
South Carolina	24.5	11	28.1	21.2
South Dakota	20.3	31	22.0	18.7
Tennessee	26.1	3	27.1	25.3
Texas	20.6	28	23.7	17.5
Utah	10.5	50	11.7	9.4
Vermont	20.0	36	21.8	18.3
Virginia	20.9	25	22.4	19.5
Washington	19.2	42	20.1	18.3
West Virginia	26.9	2	27.4	26.4
Wisconsin	22.0	20	25.0	19.1
Wyoming	21.7	22	21.6	21.9
U.S. Median	20.9		23.2	19.2

(1) Results for Hawaii are from 2003.

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

Exhibit 14
Prevalence of Cigarette Smoking and the Tax Rate on Cigarettes

