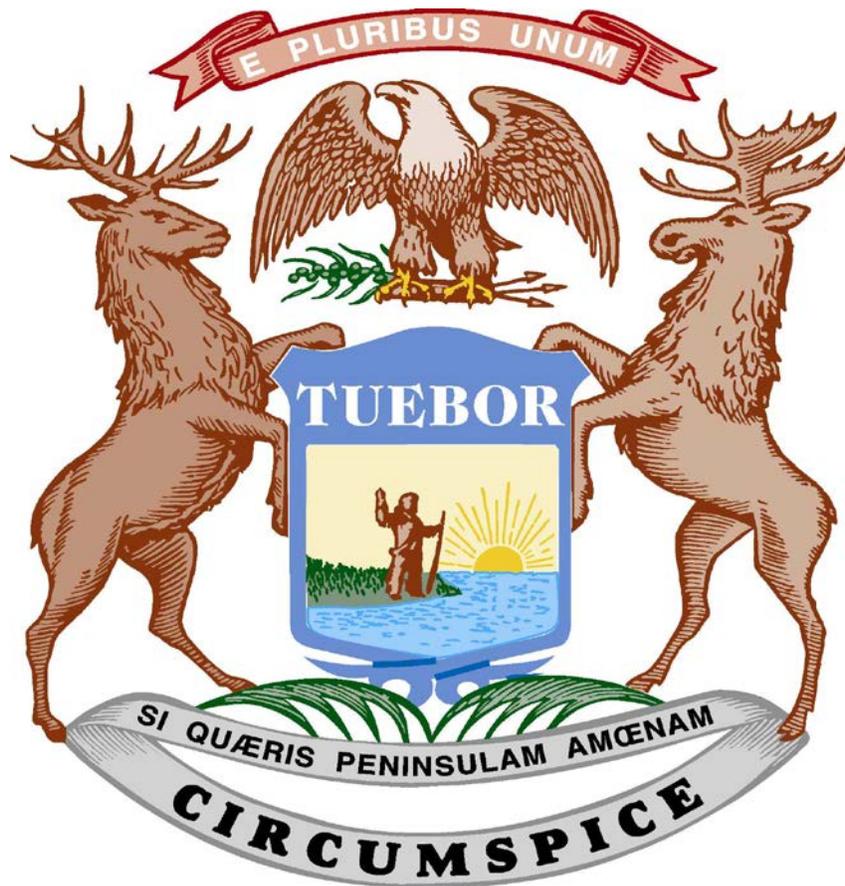


Michigan's Cigarette and Tobacco Taxes 2015 Statistical Update



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Office of Revenue and Tax Analysis

Michigan Department of Treasury

June 2017

Acknowledgments

Scott Darragh prepared this statistical update under the direction of Howard Heideman, Director of the Tax Analysis Division, Office of Revenue and Tax Analysis, Michigan Department of Treasury. Erin Christine assisted with the production of this report.

Michigan's Cigarette and Tobacco Taxes 2015 Statistical Update

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 \$954.5 million in fiscal year (FY) 2015, up \$14.14 million (1.5 percent) from FY 2014. Tobacco taxes now account for 3.60 percent of all Michigan taxes, with the lower share in FY 2015 due to more rapid growth in other taxes. Exhibits 1 through 3 compare Michigan tobacco tax collections over the past thirty-five years.

Tobacco taxes provide revenue for a number of purposes. For FY 2015, 38.1 percent of tobacco tax revenue was earmarked to the School Aid Fund and 34.8 percent of revenue was earmarked to the Medicaid health program for low-income residents. Exhibit 4 presents the distribution of FY 2015 revenues by fund. Exhibit 5 highlights that the decline in tobacco taxes over the period 2006 - 2014 was due to declining cigarette sales, with tobacco tax revenue separated between cigarettes and other tobacco products (cigars, snuff, and pipe, chewing, and roll-your-own smoking tobacco).

Taxable cigarette sales increased in FY 2015 by an estimated 1.2 percent to 445.1 million packs, in contrast to the historic trend decline of 3.3 percent. Taxable cigarette sales are down 43.1 percent since 2001, an annual average decline of 3.95 percent. Per capita sales were 44.8 packs in 2015, compared to 78.3 packs in 2001. Exhibits 6 and 7 present historical taxable cigarette sales 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 are from an individual package of cigarettes that bears the Michigan cigarette tax stamp indicating that the Michigan tobacco tax was paid. 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: [Treasury Tobacco Poster](#) and [Tobacco Products Tax Return](#).

The federal cigarette tax raised \$13.45 billion in the year ending June 2015, essentially unchanged from the preceding year. The slight increase in tax revenue reflected flat national cigarette consumption, a change from the average decline of 2.6 percent per year from 1990 to 2015.¹

Exhibit 8 provides historical information on federal tax collections and national cigarette consumption.

Forty-seven states have increased their cigarette tax rate since 2000 with an average tax increase of more than \$1. The three states that have not increased the tax on cigarettes are California,

¹ Orzechowski and Walker, *The Tax Burden on Tobacco*, vol.50.

Missouri, and North Dakota. In 2015, Michigan had the 11th highest state tax rate in the nation at \$2.00 (tied with Alaska, Arizona, Maine, and Maryland). The District of Columbia and 15 states 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 25th highest 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 12 compare cigarette taxes, prices, and taxable cigarette sales across the U.S.

Exhibit 13 looks at the relationship between a state's tax rate on cigarettes and the revenue raised per adult smoker in the state. Each marker in Exhibit 13 represents the combination of the 2015 tax rate on a pack of cigarettes and the amount of cigarette tax collected from the average smoker for each state and the District of Columbia. The number of smokers in each state was estimated by taking the prevalence of adult smoking in the state multiplied by the estimated adult population. Revenue per smoker was then obtained by dividing the annual revenue by the estimated number of adult smokers.

There is a strong, positive correlation between the tax rate and the revenue per smoker, i.e., a higher tax rate generally raises the amount of revenue per smoker. The correlation coefficient between the tax rates and revenue per smoker is 0.772, which reflects the consistent relationship. It is to be expected that the correlation coefficient would be less than 1.0, since a higher tax rate likely encourages smokers to smoke fewer taxed cigarettes. Note that while some states are outliers, either collecting more in tax than might be anticipated given the tax rate (markers that are above the line in the chart) or collecting less than might otherwise be anticipated (markers that are below the line), Michigan is very close to the trend line. This indicates that when you consider the relationship between tax rates and revenue per smoker throughout the U.S., Michigan raises something very near the amount of revenue that might be expected, given the prevalence of adult smoking.

Michigan's tax on OTP has been 32 percent of the wholesale price since the 2004 tax increase took effect on July 1, 2004.²

The higher tax rate on OTP has contributed to increased tax revenues. The federal tax changes that took effect in 2009 increased the tax base for OTP and increased tax revenues, but also created disparities among some types of OTP, especially between pipe tobacco and roll-your-own smoking tobacco. The tax rate on OTP 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 20.7 percent in 2015, higher than the median value across the U.S. states of 17.5 percent. The estimated prevalence of smoking in Michigan is down more than 11 percent since 2012. One factor that may be contributing to this trend is electronic cigarettes. Men remain more likely to smoke than women, both in Michigan

² The tax on cigars is capped at 50 cents per cigar from November 1, 2012, through October 31, 2021.

and across the U.S. Exhibit 15 compares the overall prevalence of smoking and provides the distribution by gender for all fifty states for 2015.

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 suggest that the prevalence of cigarette smoking continues to decline. 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 again in 2011, 2013, and 2015 to a new low of 10.0 percent. National reports indicate that electronic cigarettes are being used by teenagers, perhaps in place of traditional cigarettes³.

The decline in Michigan is similar to the decline seen in many other states. Michigan was one of 13 states participating in the Youth Risk Behavior Surveillance System survey for 2015 that had a smoking prevalence among youth of no more than 10.0 percent. The prevalence among youth was commonly over 30.0 percent in mid 1990s.

The measured prevalence of smoking among adults fell from the mid-20 percent level in the early 2000s to below 20 percent in 2009 and 2010. Survey data for 2011 and 2012 indicated the prevalence of smoking among Michigan adults, 23.3 percent, was higher than earlier years. However, changes in survey methodology beginning in 2011 that were designed to more accurately represent the adult population probably affected the measured level of smoking prevalence rather than the underlying trend in smoking behavior. The trend decline in adult prevalence measured prior to 2011 matches the decline in taxable sales both in Michigan and nationwide. The methodological change means the results after 2010 are not comparable to estimates from previous years. As mentioned above, the estimated adult prevalence has declined by more than 11 percent from 2012 to 2015.

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

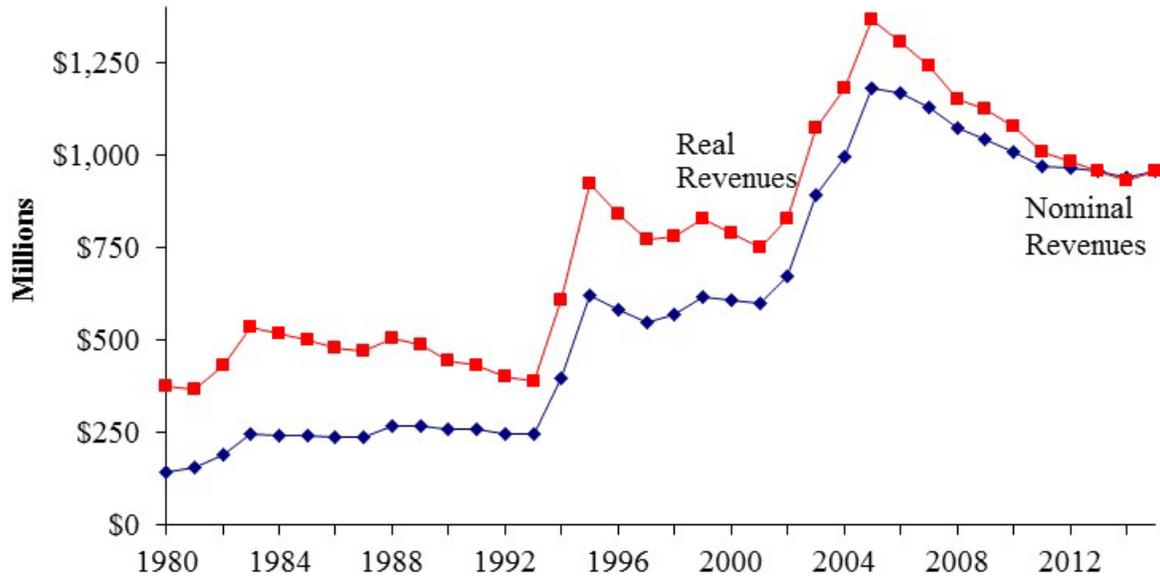
³ See "Tobacco Use Among Middle and High School Students – United States, 2011-2015", *Morbidity and Mortality Weekly Report* 2016:65:361-67.

Exhibit 1
Tobacco Tax Revenues (thousands)

Fiscal Year	Rate (Cents)	Nominal Tobacco Tax Revenue	Total Tax Revenue	Revenue Per Penny Of Tax	Inflation-Adjusted Revenue (2015 \$)	Tax as Percent of Total Taxes
1980	11	\$141,205	\$6,126,400	\$12,837	\$375,752	2.30
1981	11	152,827	6,195,020	13,893	363,156	2.47
1982	11/21	188,003	6,371,191	12,396	429,791	2.95
1983	21	242,068	7,337,434	11,527	533,336	3.30
1984	21	240,957	8,405,736	11,474	515,244	2.87
1985	21	241,037	8,958,027	11,478	498,571	2.69
1986	21	236,489	9,270,805	11,261	478,832	2.55
1987	21	237,382	9,591,731	11,304	469,267	2.47
1988	21/25	264,496	10,285,540	11,021	504,236	2.57
1989	25	267,016	10,850,896	10,681	484,045	2.46
1990	25	255,339	11,062,400	10,214	440,759	2.31
1991	25	259,160	10,865,460	10,366	428,542	2.39
1992	25	246,005	11,267,492	9,840	398,511	2.18
1993	25	243,648	11,891,105	9,746	384,750	2.05
1994	25/75	395,715	14,014,810	8,634	606,188	2.82
1994	75	619,401	17,009,114	8,259	919,515	3.64
1996	75	580,772	18,090,458	7,744	838,890	3.21
1997	75	546,026	18,970,316	7,280	769,161	2.88
1998	75	566,046	20,149,025	7,547	779,921	2.81
1999	75	615,129	21,472,775	8,202	827,199	2.86
2000	75	604,212	22,363,369	8,056	786,039	2.70
2001	75	596,082	21,872,223	7,948	750,737	2.73
2002	75/125	669,914	21,455,308	8,039	826,370	3.12
2003	125	891,775	21,718,157	7,134	1,072,790	4.11
2004	125/200	992,793	22,097,228	6,906	1,178,606	4.49
2005	200	1,179,871	23,121,664	5,899	1,366,363	5.10
2006	200	1,169,005	23,364,924	5,845	1,306,378	5.00
2007	200	1,129,226	23,487,484	5,646	1,241,280	4.81
2008	200	1,073,650	25,143,535	5,368	1,147,645	4.27
2009	200	1,041,541	22,384,854	5,208	1,125,638	4.65
2010	200	1,006,527	21,823,324	5,033	1,075,130	4.61
2011	200	968,512	23,414,436	4,843	1,008,686	4.14
2012	200	963,181	23,538,616	4,816	979,663	4.09
2013	200	957,485	24,544,493	4,787	957,519	3.90
2014	200	940,337	24,654,232	4,702	929,082	3.81
2015	200	954,481	26,507,555	4,772	954,481	3.60

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

**Exhibit 2
Michigan Tobacco Tax Collections**



Source: DTMB and U.S. Bureau of Labor Statistics.

**Exhibit 3
Michigan Tobacco Tax Revenue as Share
Of Total State Tax Revenue**



Source: DTMB.

Exhibit 4
FY 2015 Distribution of Tobacco Tax Revenue

Distribution	FY 2015 Revenue (thousands)	Percent of Revenue
General Fund/General Purpose	\$188,079	19.7%
School Aid Fund	363,850	38.1
Health and Safety Fund	24,339	2.5
Healthy Michigan Fund	32,656	3.4
Medicaid Benefit Trust Fund	332,451	34.8
Capitol Historic Fund	3,000	0.3
Wayne County Indigent Care	4,834	0.5
Other General Fund Restricted	911	0.1
Tax Enforcement	4,361	0.5
Total	954,481	100.0

Note: Total may differ 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 – 2015

Year	Tax Rate		Tax Revenue (thousands)		
	Cigarette	OTP	Cigarette	OTP	Total
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
2012	\$2.00	32%	\$898,504	\$64,677	\$963,181
2013	\$2.00	32%	\$893,242	\$64,243	\$957,485
2014	\$2.00	32%	\$866,510	\$73,828	\$940,338
2015	\$2.00	32%	\$876,927	\$77,554	\$954,481

Notes:

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

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

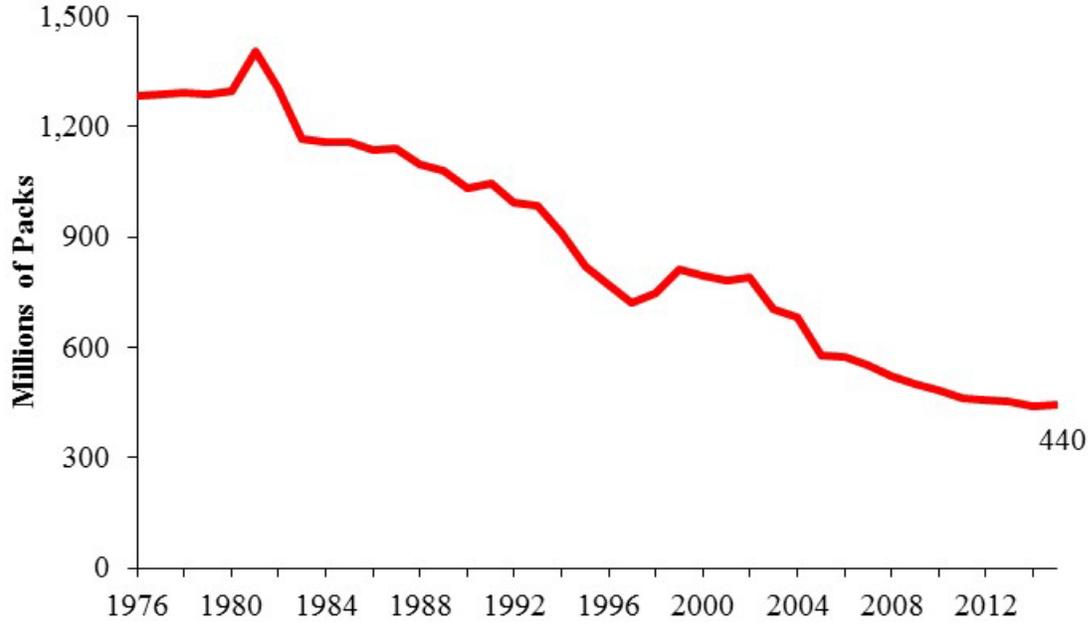
Exhibit 6
Cigarette Packs Sold Taxed

Year	Average Retail Price	Percent Change	Calculated Packs Sold Taxed (000s)	Percent Change	Calculated Per Capita Packs Sold Taxed	Percent Change
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	78.3	-1.9
2002	4.35	14.6	791,075	1.1	79.0	0.8
2003	4.33	-0.3	705,293	-10.8	70.2	-11.1
2004	5.09	17.4	680,957	-3.5	67.7	-3.6
2005	5.10	0.3	578,480	-15.0	57.6	-15.0
2006	5.29	3.8	574,189	-0.7	57.2	-0.6
2007	5.35	1.1	550,257	-4.2	55.0	-3.8
2008	5.41	1.2	519,860	-5.5	52.3	-5.0
2009	6.14	13.4	500,332	-3.8	50.5	-3.3
2010	6.21	1.2	480,753	-3.9	48.7	-3.7
2011	6.34	2.0	460,689	-4.2	46.6	-4.2
2012	6.39	0.8	456,093	-1.0	46.1	-1.1
2013	6.56	2.8	453,422	-0.6	45.8	-0.7
2014	6.49	-1.1	439,853	-3.0	44.4	-3.2
2015	6.67	2.8	445,141	1.2	44.8	1.1
Annual Average Change 1990-2015		6.3		-3.3		-3.6

Note: Average retail price data are from Orzechowki 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

Year	Federal Tax Per Pack (Cents)	Federal Revenues (Millions)	Consumption (Millions of Packs)	Percent Change in Consumption
1990	16.0	\$4,069.8	25,436.5	-4.0
1991	16.0/20.0	4,754.6	25,376.5	-0.2
1992	20.0	5,043.0	25,215.7	-0.6
1993	20.0/24.0	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	6,230.3	21,325.0	-1.4
2001	34.0	7,080.5	21,250.0	-0.4
2002	39.0	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
2012	101.0	14,487.0	14,318.7	-4.2
2013	101.0	14,167.0	14,026.7	-2.0
2014	101.0	13,445.3	13,312.2	-5.1
2015	101.0	13,450.3	13,317.2	0.0

**Annual Average Change
1990 - 2015**

4.9% -2.6%

Notes:

1. Based on year ending June 30.
2. Rate changed during year.

Source: Orzechowski and Walker.

Exhibit 9 State Cigarette Tax Rate Trends

<u>State</u>	<u>Tax Rate (Cents)</u>			<u>Change, 2000 - 2016</u>	
	<u>1990</u>	<u>2000</u>	<u>2016</u>	<u>Actual</u>	<u>Percent</u>
Alabama	16.5	16.5	67.5	51.0	309.1
Alaska	29.0	100.0	200.0	100.0	100.0
Arizona	18.0	58.0	200.0	142.0	244.8
Arkansas	21.0	31.5	115.0	83.5	265.1
California	35.0	87.0	87.0	0.0	0.0
Colorado	20.0	20.0	84.0	64.0	320.0
Connecticut	40.0	50.0	390.0	340.0	680.0
Delaware	14.0	24.0	160.0	136.0	566.7
Florida	24.0	33.9	133.9	100.0	295.0
Georgia	12.0	12.0	37.0	25.0	208.3
Hawaii	42.0	100.0	320.0	220.0	220.0
Idaho	18.0	28.0	57.0	29.0	103.6
Illinois	30.0	58.0	198.0	140.0	241.4
Indiana	15.5	15.5	99.5	84.0	541.9
Iowa	31.0	36.0	136.0	100.0	277.8
Kansas	24.0	24.0	129.0	105.0	437.5
Kentucky	3.0	3.0	60.0	57.0	1,900.0
Louisiana	20.0	20.0	108.0	88.0	440.0
Maine	31.0	74.0	200.0	126.0	170.3
Maryland	13.0	66.0	200.0	134.0	203.0
Massachusetts	26.0	76.0	351.0	275.0	361.8
Michigan	25.0	75.0	200.0	125.0	166.7
Minnesota	38.0	48.0	300.0	252.0	525.0
Mississippi	18.0	18.0	68.0	50.0	277.8
Missouri	13.0	17.0	17.0	0.0	0.0
Montana	18.0	18.0	170.0	152.0	844.4
Nebraska	27.0	34.0	64.0	30.0	88.2
Nevada	35.0	35.0	180.0	145.0	414.3
New Hampshire	25.0	52.0	178.0	126.0	242.3
New Jersey	40.0	80.0	270.0	190.0	237.5
New Mexico	15.0	21.0	166.0	145.0	690.5
New York	39.0	111.0	435.0	324.0	291.9
North Carolina	2.0	5.0	45.0	40.0	800.0
North Dakota	30.0	44.0	44.0	0.0	0.0
Ohio	18.0	24.0	160.0	136.0	566.7
Oklahoma	23.0	23.0	103.0	80.0	347.8
Oregon	28.0	68.0	132.0	64.0	94.1
Pennsylvania	18.0	31.0	160.0	129.0	416.1
Rhode Island	37.0	71.0	375.0	304.0	428.2
South Carolina	7.0	7.0	57.0	50.0	714.3
South Dakota	23.0	33.0	153.0	120.0	363.6
Tennessee	13.0	13.0	62.0	49.0	376.9
Texas	41.0	41.0	141.0	100.0	243.9
Utah	23.0	51.5	170.0	118.5	230.1
Vermont	17.0	44.0	308.0	264.0	600.0
Virginia	2.5	2.5	30.0	27.5	1,100.0
Washington	34.0	82.5	302.5	220.0	266.7
West Virginia	17.0	17.0	120.0	103.0	605.9
Wisconsin	30.0	59.0	252.0	193.0	327.1
Wyoming	12.0	12.0	60.0	48.0	400.0
U.S. Average	23.0	41.4	161.1	119.7	289.0
Federal Tax	16.0	34.0	101.0	67.0	197.1

Sources: Orzechowski and Walker, Federation of Tax Administrators, and Campaign for Tobacco-Free Kids. Tax rates for 2016 are those in effect on July 1.

Exhibit 10
State Comparisons, 2015 Cigarette Tax

State	Tax Rate (Cents) ⁽¹⁾	Rank	2015 Revenues (Thousands) ⁽²⁾
Alabama	42.5	46	\$116,442
Alaska	200.0	11	52,342
Arizona	200.0	11	293,230
Arkansas	115.0	29	174,493
California	87.0	32	747,944
Colorado	84.0	33	161,564
Connecticut	340.0	5	343,274
Delaware	160.0	21	100,245
Florida	133.9	26	1,091,357
Georgia	37.0	47	173,157
Hawaii	320.0	6	121,630
Idaho	57.0	41	36,711
Illinois	198.0	16	836,548
Indiana	99.5	31	406,280
Iowa	136.0	25	192,508
Kansas	79.0	35	89,514
Kentucky	60.0	39	222,750
Louisiana	36.0	48	117,067
Maine	200.0	11	124,636
Maryland	200.0	11	358,981
Massachusetts	351.0	2	615,213
Michigan	200.0	11	868,211
Minnesota	342.6	4	556,668
Mississippi	68.0	36	121,442
Missouri	17.0	50	81,745
Montana	170.0	18	72,570
Nebraska	64.0	37	55,035
Nevada	80.0	34	105,997
New Hampshire	178.0	17	211,540
New Jersey	270.0	9	682,703
New Mexico	166.0	20	89,146
New York	435.0	1	1,251,289
North Carolina	45.0	44	240,395
North Dakota	44.0	45	24,738
Ohio	125.0	28	745,501
Oklahoma	103.0	30	250,631
Oregon	131.0	27	210,237
Pennsylvania	160.0	21	977,819
Rhode Island	350.0	3	132,755
South Carolina	57.0	41	147,910
South Dakota	153.0	23	52,602
Tennessee	62.0	38	247,540
Texas	141.0	24	1,238,627
Utah	170.0	18	95,872
Vermont	275.0	8	67,980
Virginia	30.0	49	159,644
Washington	302.5	7	398,823
West Virginia	55.0	43	95,236
Wisconsin	252.0	10	569,547
Wyoming	60.0	39	19,390
Average/Total	152.8		\$16,147,479

(1) Rates effective for years ending June 30, 2015. Rate for Minnesota includes cigarette sales tax.

(2) For year ending June 30, 2015.

Sources: Orzechowski and Walker and Federation of Tax Administrators.

Exhibit 11
Taxed Cigarette Consumption Trends (Millions)

State	2000 Packs Sold Taxed	2015 Packs Sold Taxed	Percent Change
Alabama	428.3	294.4	-31.3
Alaska	43.1	26.4	-38.7
Arizona	280.7	155.1	-44.7
Arkansas	261.6	160.1	-38.8
California	1,352.7	867.1	-35.9
Colorado	304.1	194.2	-36.1
Connecticut	234.4	103.0	-56.1
Delaware	108.0	65.6	-39.3
Florida	1,256.9	833.8	-33.7
Georgia	705.6	477.4	-32.3
Hawaii	40.0	38.0	-5.0
Idaho	90.2	66.7	-26.1
Illinois	843.0	430.8	-48.9
Indiana	758.7	413.7	-45.5
Iowa	257.8	144.4	-44.0
Kansas	213.0	114.2	-46.4
Kentucky	624.1	373.0	-40.2
Louisiana	461.5	343.0	-25.7
Maine	104.4	62.3	-40.3
Maryland	304.2	181.9	-40.2
Massachusetts	361.1	174.7	-51.6
Michigan	809.7	440.7	-45.6
Minnesota	367.1	164.9	-55.1
Mississippi	273.6	187.3	-31.5
Missouri	630.4	495.7	-21.4
Montana	71.8	43.1	-40.0
Nebraska	132.2	87.7	-33.7
Nevada	174.3	131.8	-24.4
New Hampshire	180.4	118.8	-34.1
New Jersey	491.5	253.3	-48.5
New Mexico	100.0	53.9	-46.1
New York	1,048.7	288.2	-72.5
North Carolina	847.6	538.2	-36.5
North Dakota	48.0	56.1	16.9
Ohio	1,130.3	607.3	-46.3
Oklahoma	367.4	242.6	-34.0
Oregon	244.6	161.0	-34.2
Pennsylvania	1,072.6	620.4	-42.2
Rhode Island	82.9	38.8	-53.2
South Carolina	401.0	271.0	-32.4
South Dakota	58.3	34.7	-40.5
Tennessee	615.2	407.4	-33.8
Texas	1,394.6	911.9	-34.6
Utah	89.8	58.7	-34.6
Vermont	54.8	25.3	-53.8
Virginia	676.7	550.4	-18.7
Washington	309.2	133.0	-57.0
West Virginia	198.6	180.0	-9.4
Wisconsin	426.5	227.6	-46.6
Wyoming	47.5	34.2	-28.0
Total	21,378.7	12,883.8	-39.7

Source: Orzechowski and Walker for years ending June 30.

Exhibit 12 2015 Cigarette Prices and Sales

State	2015 State Excise Tax	Weighted Avg. Retail Price ⁽¹⁾	Rank by Price	Per Capita Sales (Packs) ⁽²⁾	Rank by Per Capita Sales
Alabama	\$0.43	\$5.31	37	60.7	13
Alaska	2.00	9.02	2	35.8	36
Arizona	2.00	6.92	13	23.0	46
Arkansas	1.15	5.66	32	54.0	17
California	0.87	5.61	33	22.3	47
Colorado	0.84	5.44	35	36.3	35
Connecticut	3.40	8.60	6	28.6	41
Delaware	1.60	5.86	27	70.1	7
Florida	1.34	5.74	30	41.9	27
Georgia	0.37	4.82	47	47.3	20
Hawaii	3.20	8.94	3	26.8	43
Idaho	0.57	5.12	41	40.8	28
Illinois	1.98	7.40	11	33.4	38
Indiana	1.00	5.41	36	62.7	9
Iowa	1.36	5.81	28	46.5	23
Kansas	0.79	5.79	29	39.3	33
Kentucky	0.60	4.86	46	84.5	3
Louisiana	0.36	5.46	34	73.8	6
Maine	2.00	6.67	15	46.9	21
Maryland	2.00	6.56	16	30.4	39
Massachusetts	3.51	8.93	4	25.9	44
Michigan	2.00	6.67	14	44.5	25
Minnesota	2.90	7.92	8	30.2	40
Mississippi	0.68	5.13	40	62.6	10
Missouri	0.17	4.53	50	81.8	4
Montana	1.70	6.29	22	42.2	26
Nebraska	0.64	5.23	38	46.6	22
Nevada	0.80	6.39	19	46.4	24
New Hampshire	1.78	6.34	21	89.6	2
New Jersey	2.70	7.38	12	28.3	42
New Mexico	1.66	6.43	18	25.8	45
New York	4.35	10.16	1	14.6	50
North Carolina	0.45	4.74	48	54.1	16
North Dakota	0.44	4.71	49	75.8	5
Ohio	1.25	6.07	24	52.4	18
Oklahoma	1.03	5.71	31	62.6	10
Oregon	1.31	5.91	26	40.5	30
Pennsylvania	1.60	6.47	17	48.5	19
Rhode Island	3.50	8.62	5	36.8	34
South Carolina	0.57	5.03	43	56.1	15
South Dakota	1.53	6.22	23	40.7	29
Tennessee	0.62	4.99	44	62.2	12
Texas	1.41	5.95	25	33.8	37
Utah	1.70	6.37	20	20.0	48
Vermont	2.75	8.12	7	40.4	31
Virginia	0.30	5.03	42	66.1	8
Washington	3.03	7.85	9	18.8	49
West Virginia	0.55	4.90	45	97.3	1
Wisconsin	2.52	7.45	10	39.5	32
Wyoming	0.60	5.17	39	58.6	14
U.S. Average	\$1.52	\$5.96		48.8	

(1) As of November 1, 2015, and includes generic brands.

(2) Per capita sales are as of June 30, 2015.

Source: Orzechowski and Walker.

Exhibit 13
State 2015 Cigarette Tax Revenue per Smoker and the Tax Rate

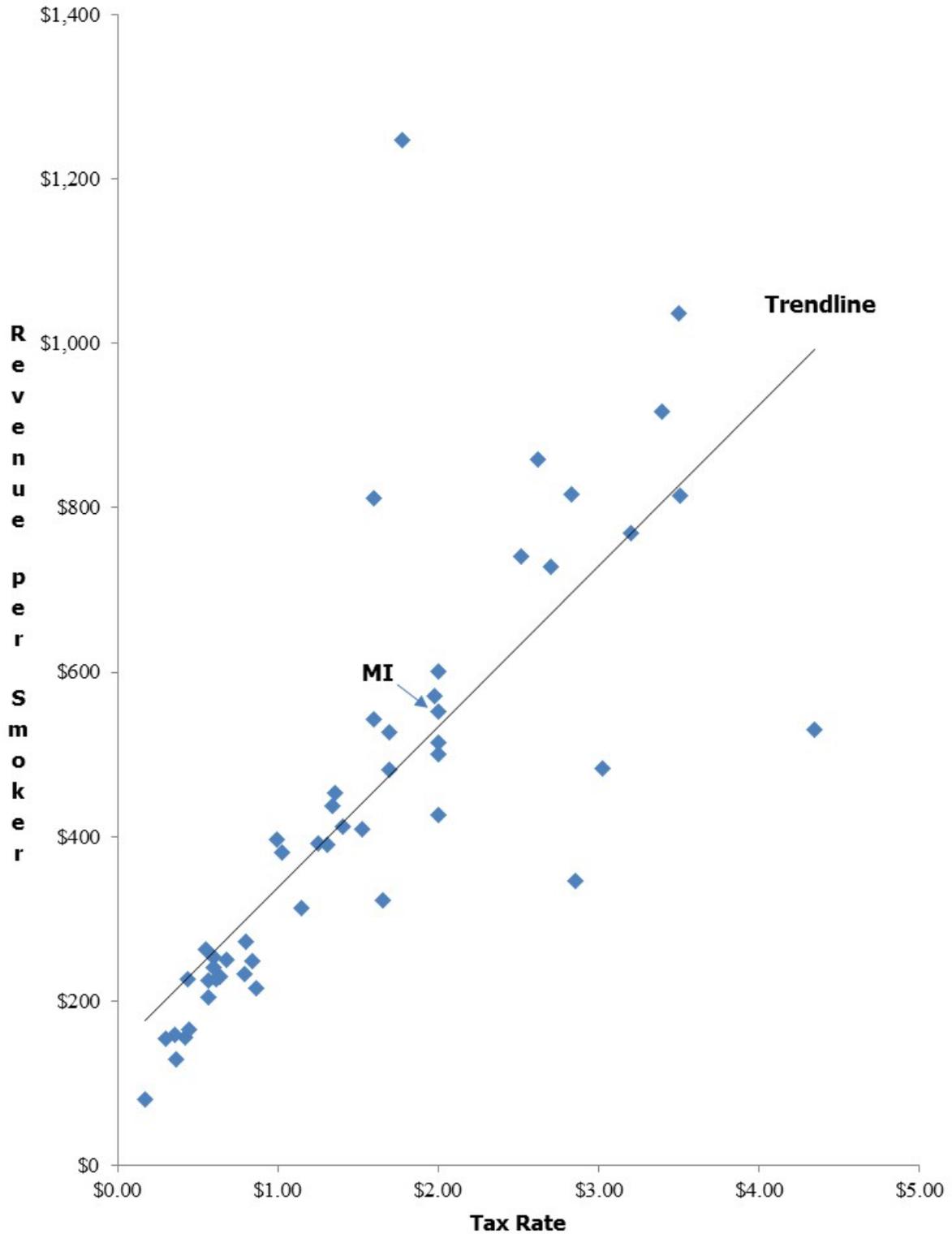


Exhibit 14
FY 2015 Other Tobacco Products Tax Revenue

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	\$8,506.5	6.4	1.5 cents/oz.	11.1	1.0
Alaska	13,577.0	20.5	75.0 %	8.3	1.9
Arizona	21,761.4	6.6	22.3 cents/oz.	5.2	1.1
Arkansas	53,526.2	23.3	68.0 %	12.2	1.1
California	81,245.4	9.7	28.1 %	2.8	0.5
Colorado	35,431.4	17.8	40.0 %	7.8	0.8
Connecticut	10,847.4	3.0	50.0 %	2.9	0.7
Delaware	3,358.6	3.1	15.0 %	3.1	N/A
Florida	102,324.5	8.4	85.0 %	4.4	1.1
Georgia	38,938.4	18.1	10.0 %	8.3	1.5
Hawaii	8,192.8	6.3	70.0 %	2.3	0.6
Idaho	12,101.1	24.2	40.0 %	9.1	N/A
Illinois	36,739.4	4.1	36.0 %	5.8	0.8
Indiana	33,014.7	7.4	24.0 %	7.4	1.1
Iowa	29,592.8	13.1	50.0 %	9.9	0.5
Kansas	7,576.2	7.7	10.0 %	10.7	0.9
Kentucky	21,326.7	8.7	Varies by wgt.	12.2	1.8
Louisiana	30,700.0	19.9	20.0 %	9.4	1.4
Maine	12,277.8	8.9	\$2.02/oz.	3.8	0.5
Maryland	33,568.9	8.5	30.0 %	3.1	0.4
Massachusetts	29,648.1	4.6	210.0 %	2.5	0.6
Michigan	73,057.2	7.7	32.0 %	7.4	1.3
Minnesota	93,298.1	14.4	95.0 %	7.2	0.9
Mississippi	18,007.0	12.4	15.0 %	12.0	3.4
Missouri	17,691.6	17.4	10.0 %	9.2	0.7
Montana	12,891.8	15.0	50.0 %	13.7	1.6
Nebraska	7,046.9	11.2	20.0 %	8.5	1.0
Nevada	11,327.2	9.7	30.0 %	5.1	N/A
New Hampshire	10,045.9	4.5	65.0 %	4.4	N/A
New Jersey	22,929.6	3.2	30.0 %	3.0	1.1
New Mexico	7,903.2	8.1	25.0 %	8.6	1.5
New York	20,290.3	5.8	75.0 %	3.8	1.2
North Carolina	36,095.7	13.3	12.8 %	7.6	1.6
North Dakota	7,796.9	24.0	16 cents/oz.	11.8	N/A
Ohio	62,450.2	7.6	17.0 %	8.6	0.8
Oklahoma	69,283.2	21.7	60.0 %	12.6	0.5
Oregon	55,956.0	21.2	65.0 %	6.2	1.1
Pennsylvania	NA	NA	NA	8.3	0.6
Rhode Island	5,225.0	3.7	80.0 %	3.5	0.7
South Carolina	6,919.1	4.3	5.0 %	6.6	1.0
South Dakota	7,936.5	13.0	35.0 %	10.1	0.7
Tennessee	15,288.8	5.8	6.6 %	13.3	1.7
Texas	215,857.3	14.5	\$1.22/oz.	6.7	1.8
Utah	18,591.7	15.7	86.0 %	5.1	1.0
Vermont	8,105.3	10.4	92.0 %	5.6	1.3
Virginia	19,145.0	10.4	Varies by wgt.	7.1	0.8
Washington	46,915.2	10.4	95.0 %	6.2	0.8
West Virginia	7,153.4	7.0	7.0 %	16.5	0.8
Wisconsin	71,916.2	11.1	71.0 %	6.6	N/A
Wyoming	5,560.1	22.0	20.0 %	16.3	1.1
Total/National	\$1,578,939.9	9.6		7.4	1.0

(1) When tax rates differ by type, the rate for chewing tobacco is shown. Rates effective January 1, 2016.

Sources: Orzechowski & Walker. Usage rates are from the Centers for Disease Control and Prevention for 2014.

Exhibit 15
Percentage of Adults Currently Smoking Cigarettes 2015

State	Overall	Rank	Men	Women
Alabama	21.4	10	23.8	19.2
Alaska	19.1	16	19.6	18.5
Arizona	14.0	44	16.2	12.0
Arkansas	24.9	3	27.8	22.1
California	11.7	49	15.2	8.3
Colorado	15.6	36	17.1	14.2
Connecticut	13.5	47	16.3	10.9
Delaware	17.4	27	20.9	14.2
Florida	15.8	35	17.4	14.3
Georgia	17.7	23	20.0	15.5
Hawaii	14.1	43	17.3	10.8
Idaho	13.8	46	14.6	13.0
Illinois	15.1	40	17.6	12.8
Indiana	20.6	12	21.9	19.3
Iowa	18.1	21	19.5	16.7
Kansas	17.7	23	19.3	16.1
Kentucky	25.9	1	26.4	25.5
Louisiana	21.9	7	24.7	19.3
Maine	19.5	15	21.0	18.1
Maryland	15.1	40	16.9	13.4
Massachusetts	14.0	44	16.4	11.9
Michigan	20.7	11	22.4	19.1
Minnesota	16.2	32	17.6	14.8
Mississippi	22.5	4	27.0	18.4
Missouri	22.3	5	23.6	21.0
Montana	18.9	19	19.3	18.5
Nebraska	17.1	29	18.4	15.8
Nevada	17.5	25	20.5	14.6
New Hampshire	15.9	34	16.5	15.4
New Jersey	13.5	47	15.7	11.5
New Mexico	17.5	25	19.1	16.0
New York	15.2	38	17.7	12.9
North Carolina	19.0	18	21.9	16.3
North Dakota	18.7	20	21.9	15.4
Ohio	21.6	9	23.1	20.2
Oklahoma	22.2	6	24.0	20.4
Oregon	17.1	29	17.9	16.3
Pennsylvania	18.1	21	19.8	16.6
Rhode Island	15.5	37	18.5	12.8
South Carolina	19.7	14	23.4	16.2
South Dakota	20.1	13	19.5	20.6
Tennessee	21.9	7	22.8	21.1
Texas	15.2	38	18.2	12.4
Utah	9.1	50	11.2	7.0
Vermont	16.0	33	18.0	14.0
Virginia	16.5	31	18.8	14.4
Washington	15.0	42	16.6	13.4
West Virginia	25.7	2	25.7	25.7
Wisconsin	17.3	28	19.8	14.9
Wyoming	19.1	16	20.6	17.5
Median for U.S. States	17.5		19.4	15.7

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

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

