



7 things to know about the cigarette tax

*By Carol Gundlach, policy analyst
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The Alabama Legislature is considering a cigarette tax increase during this month's second special session. Without significant new General Fund revenue, the state may make enormous cuts to Medicaid, child care, public safety and other vital services. As lawmakers decide how to address the General Fund shortfall, here are seven things to know about tobacco taxes:

1. A 10 percent increase in the price of a pack of cigarettes can reduce teen smoking by up to 15 percent and adult smoking by up to 7 percent, according to the Congressional Budget Office. An increase smaller than 10 percent may or may not yield health benefits.
2. Tobacco imposes costs on smokers and non-smokers alike because it drives up health care costs for everyone.
3. Low-income people would pay just 12 percent of a cigarette tax increase, but they would benefit from 46 percent of the decline in tobacco-related deaths.
4. Low-income people are four times more likely than higher earners to reduce smoking in response to a tobacco tax increase.
5. If a cigarette tax increase were used to support programs like Medicaid or child care subsidies for working parents, the primary beneficiaries would be low- and moderate-income families who are working to make ends meet.
6. Smoking costs Medicaid nearly 350 percent more than the amount now raised for Medicaid through the cigarette tax.
7. A tax increase of at least \$1 a pack would raise more than \$240 million a year for General Fund services and would make Alabama a healthier state.