

# Pass the Buck



The Georgia Alliance for Tobacco Prevention (GATP) is a coalition led by The American Cancer Society, American Cancer Society Cancer Action Network, American Heart Association, American Lung Association, and the Campaign for Tobacco Free Kids. GATP is working closely with public health advocates, organizations & corporations to urge lawmakers to *Pass the Buck* and support a \$1 tax increase on cigarettes.

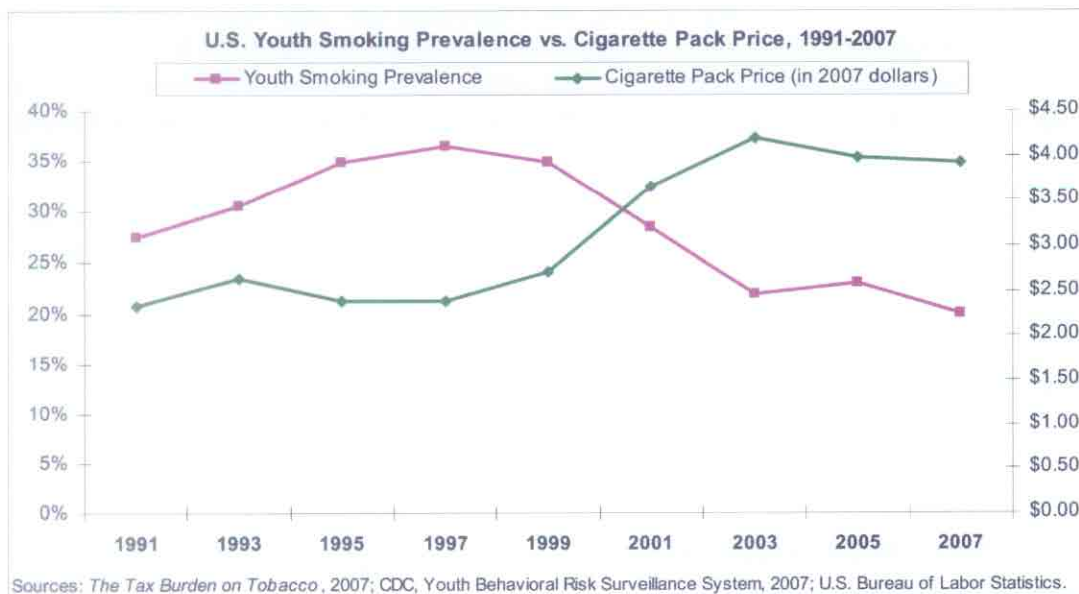
## Increasing Georgia's Tax on Cigarettes by \$1.00 is a:

**WIN** for public health because it will reduce the prevalence of smoking, particularly among adolescents;

**WIN** for the State of Georgia's finances because it would generate a consistent and significant stream of new revenue, and reduce the \$537 million in annual Medicaid expenditures attributable to tobacco related illness;

**WIN** for lawmakers to support a measure that is favored by more than 73% of Georgia voters.

## Public Health:



**Correlation between retail prices and youth smoking prevalence:** As this graph shows, there is a very strong relationship between the retail prices of cigarettes and youth smoking. As cigarette prices increase, youth smoking prevalence decreases.

## Public Health (cont'd):

### Various studies have determined that:

- For every 10% increase in the retail price of a pack of cigarettes, there is a corresponding 3-5% decrease in cigarette consumption.
- Cigarette price and tax increases work even more effectively to reduce smoking among males, Blacks, Hispanics and lower income smokers.<sup>1</sup>
- A cigarette tax increase that raises prices by 10% will reduce smoking among pregnant women by 7%, preventing thousands of spontaneous abortions and still-born births, and saving tens of thousands of newborns from suffering from smoking-affected births and related health consequences.<sup>2</sup>
- Raising tobacco-product prices decreases the prevalence of tobacco use, particularly among kids and young adults, and tobacco tax increases produce "substantial long-term improvements in health."<sup>3</sup>

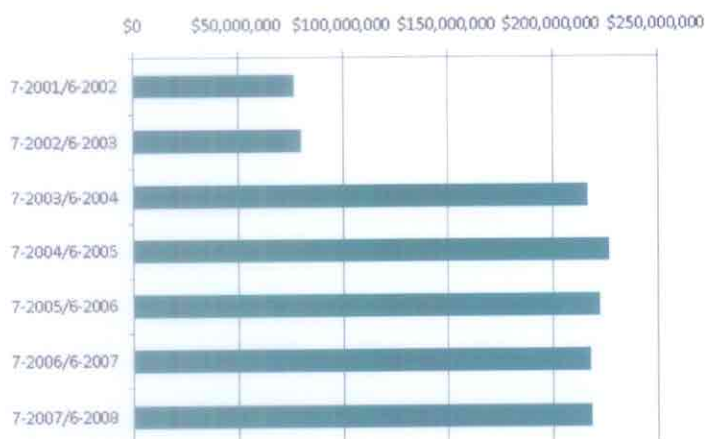
### What do tobacco companies say about tax increases on their product?

**Phillip Morris:** *"Of all the concerns, there is one – taxation – that alarms us the most. While marketing restrictions and public and passive smoking [restrictions] do depress volume, in our experience taxation depresses it much more severely."*<sup>4</sup>

**R.J. Reynolds:** *"If prices were 10% higher, 12-17 incidence [youth smoking] would be 11.9% lower."*<sup>5</sup>

## Revenues:

**Consistent, Reliable Increase** - By raising its cigarette tax rate from 12¢ to 37¢ per pack on July 1, 2003, Georgia increased its state revenues by more than \$136 million per year while reducing cigarette consumption in the state. The increased state revenue per pack brought in much more new revenue than was lost from fewer packs being bought and smoked.



Fiscal Year	Net State Cigarette Tax Collections
7-2001/6-2002	\$76,454,000
7-2002/6-2003	\$79,997,000
7-2003/6-2004	\$216,188,000
7-2004/6-2005	\$226,430,000
7-2005/6-2006	\$222,315,000
7-2006/6-2007	\$217,800,000
7-2007/6-2008	\$218,300,000

Source: Orzechowski & Walker, *Tax Burden on Tobacco*, compiled by the Campaign For Tobacco Free Kids/Eric Lindblom



**Big Tobacco's Revenue Red Herring Alert: "Increasing the tax will only encourage cross border and black market sales." .....FALSE!**

**Fact:** A national 2003 report reported that state smuggling and tax evasion revenue losses accounted for only a fraction of total state cigarette tax revenues (with those losses concentrated primarily in the highest-ranking tax states – GA ranks 43rd).<sup>6</sup>

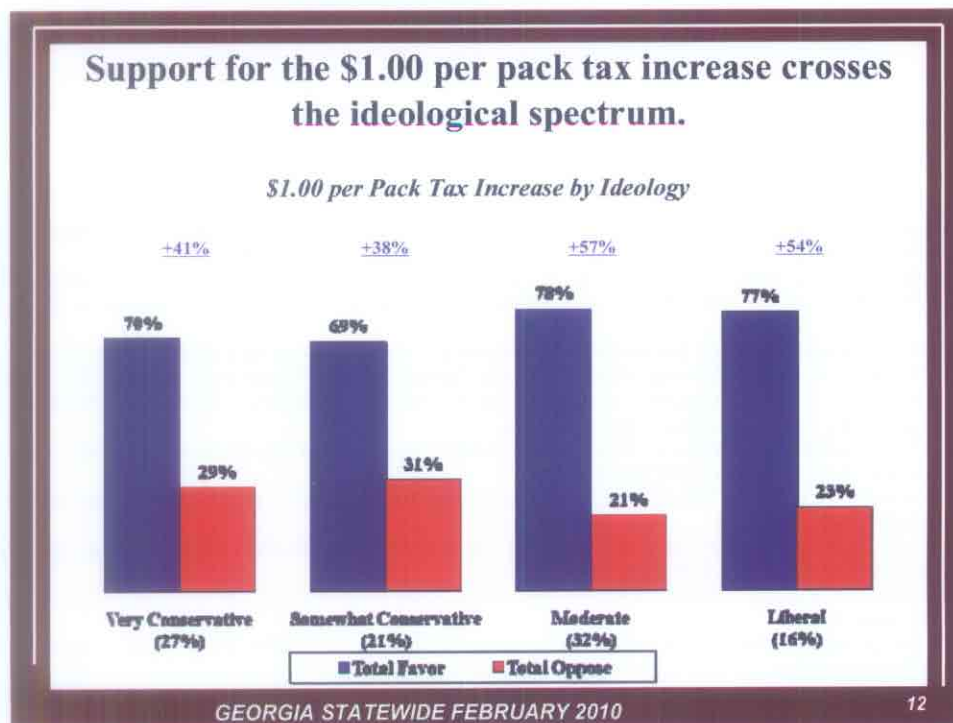
**Fact:** Due to a behavior pattern known as migration fatigue, almost all smokers that initially buy cigarettes in adjacent states to avoid higher taxes will quickly tire of driving across the border, and return to the convenience of normal full-tax purchases in their own state.<sup>7</sup> Elevated gasoline prices should only serve to exacerbate this effect.

**Fact:** Every time a state has significantly increased their tax rate (by 8% or more), revenues go up and smoking prevalence goes down.

## Public Opinion: Likely Georgia Voters

**Polling:** A February 2010 poll of likely Georgia voters<sup>8</sup> indicated the following:

- **Strong Public Support:** 73% of all respondents would support a measure to increase the tax on cigarettes by \$1 per pack.
- **Bipartisanship:** 70% of Republicans and 77% of Democrats support a \$1 per pack increase to the cigarette tax.
- **Amount Doesn't Matter:** Public support is just as strong for a \$1 per pack increase as it is for a 50¢ per pack increase in the tax.
- **To Balance Budget:** Voters strongly prefer raising cigarette taxes over other tax increases or cuts to vital state programs.<sup>9</sup>



# It's Time to Pass the Buck in Georgia!

## A True Win-Win-Win:

### WIN For Kids

110,500 fewer youth smokers

60,200 fewer adult smokers

More than 51,300 lives saved from premature smoking-caused death

### WIN For State Revenues

An estimated \$400 Million in new cigarette tax revenue

More than \$2.5 Billion in long term health care savings

### WIN For Lawmakers

A \$1 per pack increase is supported by 73% of likely Georgia voters

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