



July 20, 2010

Dear Tax Reform Council Members:

Thank you for your service to Georgia as a member of this very important Council. We write today to notify you that our organizations endorse a \$1 per pack state tax increase on cigarettes as well as an increase in excise tax on smokeless tobacco. We believe such an increase will be a Win, Win, Win for Georgia.

#### Reason 1 - It's a Win for Public Health

A significant increase in tobacco taxes will drive down consumption, especially in young people according to the CDC and the tobacco companies.<sup>1</sup> Nearly 90% of adult smokers today started before they turned 18,<sup>2</sup> and it is this population of minors that would be most likely to quit in the face of a price increase. When Georgia children choose not to start smoking it saves them from tobacco addiction and tobacco-related illness, and makes them less likely to be a burden on our healthcare system.

#### Reason 2 - It's a Win for Georgia Taxpayers

An increase of \$1 per pack for cigarettes will generate 400 million dollars in new state revenue<sup>3</sup> as well as lowering the costs of smoking related illnesses that are paid for by Medicaid (\$527 million a year in Georgia).<sup>4</sup> Tobacco addiction costs \$550 per Georgia household annually; it's only fair that those who choose to use the product should shoulder more of the costs. Smoking related illnesses also create a burden on the state health benefit plan and generate additional payouts to providers. Insurance companies charge much higher premiums for smokers to compensate for the higher risks associated with insuring smokers. Georgia does the same as an insurer through the State Health Benefit Plan. These added costs should be acknowledged and addressed by Georgia tax policy through a commensurate user fee on tobacco products.

#### Reason 3 - It's a Win for Georgia's Leaders

A \$1 per pack increase in tobacco taxes is extremely popular with Georgia voters, consistently polling with 73% in favor at that rate. Reducing the amount of the tax increase does not yield a higher rate of public support.<sup>5</sup>



This is about fairness. Consumption taxes and user fees generate revenue from the people generating the costs. A tobacco tax is a user fee. Anyone that objects to the increased cost can avoid the additional cost by reducing or eliminating their use of tobacco. This is also about utilizing available streams of revenue. In the past five years, 32 states, including neighboring states Florida, South Carolina, North Carolina, and Tennessee have raised their tobacco taxes. Georgia now collects only 37 cents per pack and ranks 48<sup>th</sup> in the country in tobacco taxes. Georgia is also more than a dollar per pack below the national average of \$1.45 per pack. Georgia can no longer afford to ignore this sustainable and fair revenue source.

Let's not wait until we're known as the state with the cheapest tobacco to take action. Again, our organizations urge you to support no less than a \$1 per pack cigarette tax increase and an increase in the excise tax on smokeless tobacco. Representatives from our coalition will be calling you in the coming days to request a meeting to discuss the details of this critical issue.

Sincerely,

American Cancer Society  
American Heart Association  
American Lung Association  
Campaign For Tobacco Free Kids  
American Cancer Society Cancer Action Network  
Georgia Public Health Association  
Georgia Association of Clinical Oncology

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Content Sources:

<sup>1</sup> Office on Smoking and Health, National Center for Chronic Disease Prevention and Health Promotion ; Philip Morris document, "General Comments on Smoking and Health," Appendix I in *The Perspective of PM International on Smoking and Health Initiatives*, March 29, 1985, Bates No. 2023268329-8348; Ellen Merlo, Senior Vice President of Corporate Affairs, Philip Morris, 1994 draft speech to the Philip Morris USA Trade Council, <http://legacy.library.ucsf.edu/tid/oyf35e00>; R.J. Reynolds Executive D. S. Burrows, "Estimated Change In Industry Trend Following Federal Excise Tax Increase," RJR Document No. 501988846 -8849, September 20, 1982.

<sup>2</sup> Campaign for Tobacco-Free Kids. The Path to Smoking Addiction Starts at Very Young Ages [PDF](#). (PDF-49.65 KB) Washington: Campaign for Tobacco-Free Kids, 2009 [accessed 2010 Feb 17].

<sup>3</sup> Georgia State Fiscal Research Center; fiscal note (HB 39) 2010 Georgia General Assembly.

<sup>4</sup> Campaign For Tobacco Free Kids, "The Toll Of Tobacco In Your State," <http://www.tobaccofreekids.org/reports/settlements/toll.php?StateID=GA>

<sup>5</sup> Public Opinion Strategies, 2008, 2010 Survey, "Georgia Statewide Tobacco Tax," Researcher Glenn Bulger.