



## Frequently Asked Questions – Why Should NC’s Cigarette Tax be Increased?

**Several elected officials and the tobacco industry have indicated support for raising NC’s cigarette tax by 25-cents (or less). Why should the tax be raised by more than 25-cents?**

North Carolina’s cigarette tax must be raised by more than 25-cents to achieve a meaningful health benefit. According to the Centers for Disease Control (CDC) and Prevention, the most effective way to reduce youth smoking is by substantially raising the price of a pack of cigarettes. Numerous studies have shown that for every 10 percent increase in the price of a pack of cigarettes, there is a 3-5 percent decrease in cigarette consumption overall and a 7 percent decrease in youth smoking. Increasing the cigarette tax by 75 cents will reduce youth smoking by 17.3 percent in North Carolina, saving 113,000 children alive today from becoming regular smokers.

North Carolina’s cigarette tax is currently 5 cents, the second lowest in the nation. The average cigarette tax across the country is now 84 cents. Adding 75 cents to our state’s cigarette tax would place North Carolina’s tax at just below the national average. Any cigarette tax increase that does not have a meaningful health impact is simply a tax increase.

**Will a substantial increase in North Carolina’s cigarette tax hurt the poor?**

Because smoking levels are highest among people with low incomes, cigarette companies argue that cigarette tax increases fall disproportionately hard on lower-income persons. However, the companies’ arguments fail to account for the following facts:

**Low-income smokers are much more likely to quit because of tobacco-tax increases than higher-income smokers.** Smokers with family incomes at or below the national median are four times as likely to quit because cigarette price increases as those with higher incomes. Accordingly, low-income families that currently suffer from direct and secondhand smoking-caused health risks, disease, and related costs are much more likely to have those harms and costs reduced by a cigarette tax increase than similar families with higher-incomes.

**Tobacco-tax increases shift the overall tobacco-tax burden more toward higher-income smokers.**

Because more lower-income smokers than higher-income smokers will quit or cutback because of cigarette tax increases, states that significantly increase their cigarette tax rate will also end up increasing the portion of the state’s total cigarette tax revenues that are paid for by higher-income smokers and reduce the portion paid by lower-income smokers.

**State tobacco-tax increases improve the health of low-income smokers and their families and significantly reduce their related costs.** Those who stop smoking in response to cigarette tax increases will greatly improve their own health, which could significantly reduce their health costs. Because of their higher rate of illness and disability, smokers have, on average, substantially higher annual and lifetime health care costs than nonsmokers or former smokers, despite living shorter lives. Smokers who quit or cutback will also help reduce the amount of secondhand smoke their family members, friends, and coworkers are exposed to -- thereby producing additional health improvements and related cost savings for their families and communities.

**Will a substantial increase in North Carolina's cigarette tax hurt farmers?**

An increase in NC's cigarette tax would not affect NC farmers, as their market is nationwide and worldwide. Smoking in North Carolina is responsible for only a tiny fraction of the overall demand for the burley and flue-cured cigarette tobacco grown in North Carolina or elsewhere in the United States. Even if all cigarette sales in the State were totally eliminated, that would reduce the total annual sales of American-grown burley and flue-cured leaf by less than two percent. By reducing cigarette consumption in North Carolina by about -10.8%, a state cigarette tax increase of 75 cents per pack would reduce the overall demand for American-grown burley and flue-cured leaf by only a bit more than one-tenth of one percent. In addition, the economic crisis facing tobacco farmers has recently been addressed by Congress with the recent passage of tobacco buyout legislation. (National Center for Tobacco-Free Kids; [www.tobaccofreekids.org](http://www.tobaccofreekids.org))