



IRHA Tobacco Tax Policy Statement

The use of tobacco products has been proven to cause death and disease. “Brown cigarettes” and “Other Tobacco Products” are an inexpensive gateway to tobacco addiction for Indiana youth and adults.

Tobacco use costs Indiana \$1.3 Billion per year in medical costs and premature death (over \$400 million per year within Medicaid alone). The Indiana Rural Health Association believes “levelling” the current tobacco tax is a method of preventing disease and death, by generating revenue for proven prevention / cessation programs and increasing tobacco cessation attempts.

Increasing the cost of tobacco products has been proven to increase cessation attempts by tobacco users. And by levelling the cost of these less expensive products, their effect as “gateway” products for new tobacco users will be minimized.

The National average for State Tobacco Taxes is \$1.53 per pack. Indiana’s Cigarette Tax is \$0.995 per pack, which ranks Indiana 32nd in the nation.

Assisting Indiana business owners to help their employees quit tobacco is a cost reduction strategy for Indiana business. Improving the health of the Indiana workforce improves Economic Development.

Taxing products that are proven to create health issues is a common sense approach. Using tobacco tax revenue to pay for public health programming and the medical costs they cause is the sensible thing to do.

By developing “non -tobacco products” (E-Cigarettes) that still contain similar poisonous and carcinogenic compounds (nicotine, glycols, and nitrosamines) in an attempt to circumvent regulation and taxation, the manufacturers may be showing their “true colors.”

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In lieu of the fact that the State of Indiana ranks 48th in the nation in Public Health Spending per capita and the recent Federal Court Ruling reducing Indiana’s share of the Master Tobacco Settlement by approximately \$60 million, the Indiana Rural Health Association strongly recommends the following changes in the structure of Indiana’s Tobacco Tax.

1. Amend the State Cigarette Tax to include “Brown Cigarettes.” This includes any smoked tobacco product rolled in paper that contains tobacco as an ingredient in that paper.
2. Raise the tax on “Other Tobacco Products” from 24% to 32% of the wholesale price. This “levels” the tax of Other Tobacco Products to the same percentage of wholesale price as cigarettes. “Other Tobacco Products” include, but are not limited to, chewing tobacco, plug tobacco, smokeless tobacco, dissolvable tobacco products, and cigars.

3. Tax E-Cigarettes and their components at 32% of wholesale price. This includes E-cigarettes, E-pipes, E-pens, and other similar devices, as well as their refill cartridges, and other components.

The Indiana Rural Health Association also suggests that the increase in revenue these changes would generate should be used solely to fund Public Health Programs in the State.

Sources:

Indiana State Department of Health, Commissioner Dr. Gregory N. Larkin, MD, FAAFP, January 17, 2012.

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Surgeon General’s Report. “The Health Consequences of Involuntary Exposure to Tobacco Smoke”, 2006.

“Health Effects of Secondhand Smoke”, Indiana State Department of Health, Tobacco Prevention and Cessation Commission. www.in.gov/isdh/tpc

“State Cigarette Excise Taxes & Rankings”, Indiana State Department of Health, Tobacco Prevention and Cessation Commission, Campaign for Tobacco Free Kids

“The Burden of Tobacco on Your Workplace / Benefits of Smoke-Free Workplaces”, Indiana State Department of Health, Tobacco Prevention and Cessation Commission. www.in.gov/usdh/tpc

“FDA Warns of Health Risks Posed by E-Cigarettes”, U. S. Food and Drug Administration, www.fda.gov/ForConsumers/ConsumerUpdates/default.htm