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Breathe Easy: Tobacco Tax Brings Better Health, New Revenue

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Each year, the use of tobacco claims the lives of thousands of West Virginians. The state currently has the nation's highest smoking rate among adults and pregnant women and one of the highest among children. West Virginia also taxes tobacco products at very low levels. Only seven states in the nation have lower tobacco taxes.

Bills (SB 362/HB 2973) introduced in the 2011 Legislative Session would raise the tax on cigarettes and other tobacco products in West Virginia. Increasing the tobacco tax by \$1.00 a pack would reduce smoking. This in turn reduces tobacco-related illnesses and decreases health care costs. In addition, an increased tobacco tax would provide West Virginia with substantial new tax revenue that could be used for investments in the long-term health and well-being of West Virginians.

West Virginia leads the nation in smoking

The rate of smoking is higher in West Virginia than in all other states (Table 1). Particularly troubling is the number of pregnant women who smoke. Nearly one in three pregnant women in West Virginia smoke compared to the national average of one in ten.

Over the last 40 years, studies have shown the harmful effects of maternal smoking on pregnancy, including higher rates of stillbirth, premature birth, low birth weight, and Sudden Infant Death Syndrome.¹ The impact continues after birth as well, with a growing body of research linking low birth weight with poorer health outcomes in the short-

and long-term.² Encouraging pregnant women to stop smoking is vital for the present and future health of West Virginia.³

The state also has one of the highest rates of youth smoking. According to the Journal of the American Medical Association, "the younger a person begins to smoke cigarettes, the more likely he or she is to be a current smoker as an adult."⁴ Since most adult smokers began using tobacco products when they were children, it is important to work to decrease tobacco use among West Virginia's youth.⁵

Table 1

West Virginia has high rates of smoking, especially among pregnant women and youth

Group	National Ranking	Percent of State Population	National Average
Adults	50th	25.6%	20.6%
Pregnant Women	50th	29.7%	10.7%
Youth	43rd	21.8%	19.5%

Source: Campaign for Tobacco-Free Kids, "Key State-Specific Tobacco-Related Data and Rankings."

An increased tobacco tax saves lives and dollars

Tobacco use is the leading cause of preventable death and disease in the nation, and tobacco-related illnesses claim the lives of thousands of West Virginians each year.⁶ Smoking and using other tobacco products causes many forms of cancer (lung, larynx, kidney, stomach), increases blood pressure, and raises the risk of heart disease. In 2009, the West Virginia Bureau for Public Health described tobacco use as a “staggering, unrelenting health epidemic” that costs the state approximately \$1.3 billion annually in health care expenditures and \$1.1 billion in lost productivity.⁷

Raising the tobacco tax by \$1.00 a pack would deter youth from taking up smoking, leading to healthier future outcomes.⁸ In addition, many adults would either stop smoking or reduce the number of cigarettes smoked.⁹ As people stop smoking, their health improves. This in turn reduces the public health costs incurred by West Virginia (Table 2). Gradual and smaller increases of the tax will not have the same public health benefits as a one-time \$1.00 increase.

Table 2

Higher tax reduces public health costs

Five-year health savings from fewer smoking-affected pregnancies/births	\$7.7 million
Five-year savings from fewer smoker heart attacks and strokes	\$8.8 million
Total long-term savings from tax-prompted smoking declines	\$454 million

Source: Table duplicated from Campaign for Tobacco-Free Kids, “Phasing in the \$1.00 Cigarette Tax Increase in West Virginia Will Reduce State Revenues and Public Health Benefits.”

West Virginia’s tobacco tax is one of the lowest

The state currently has one of the lowest tobacco taxes in the nation at \$0.55 a pack (Figure 1). Not only does West Virginia’s tax fall well below the national average of \$1.45 a pack, but also the state’s tax is lower than that in three of the “tobacco states” - Kentucky, South Carolina, and Tennessee.¹⁰

All of West Virginia’s neighbors have higher tobacco taxes except Virginia, which is a tobacco state. Pennsylvania and Ohio have taxes over \$1.00, while Maryland imposes a \$2.00 a pack tax.¹¹

An increased tax would generate new revenue

By raising the tobacco tax by \$1.00 a pack, West Virginia would gain hundreds of millions of dollars in new revenue. In order to receive the full benefit of the tax increase - both in terms of revenue and health impacts - the state must increase the tax all at once, rather than phase it in over two years (Table 3).

West Virginia could use this new revenue for programs and investments that benefit the health and well-being of the state’s residents, especially low- and moderate-income families. This includes creating a state Earned Income Tax Credit, which would cost \$28 million in FY 2012 and would benefit more than 150,000 families in West Virginia. New revenue from the tobacco tax could also help to close projected budget deficits in future years or expand the state’s workforce development programs.

Table 3

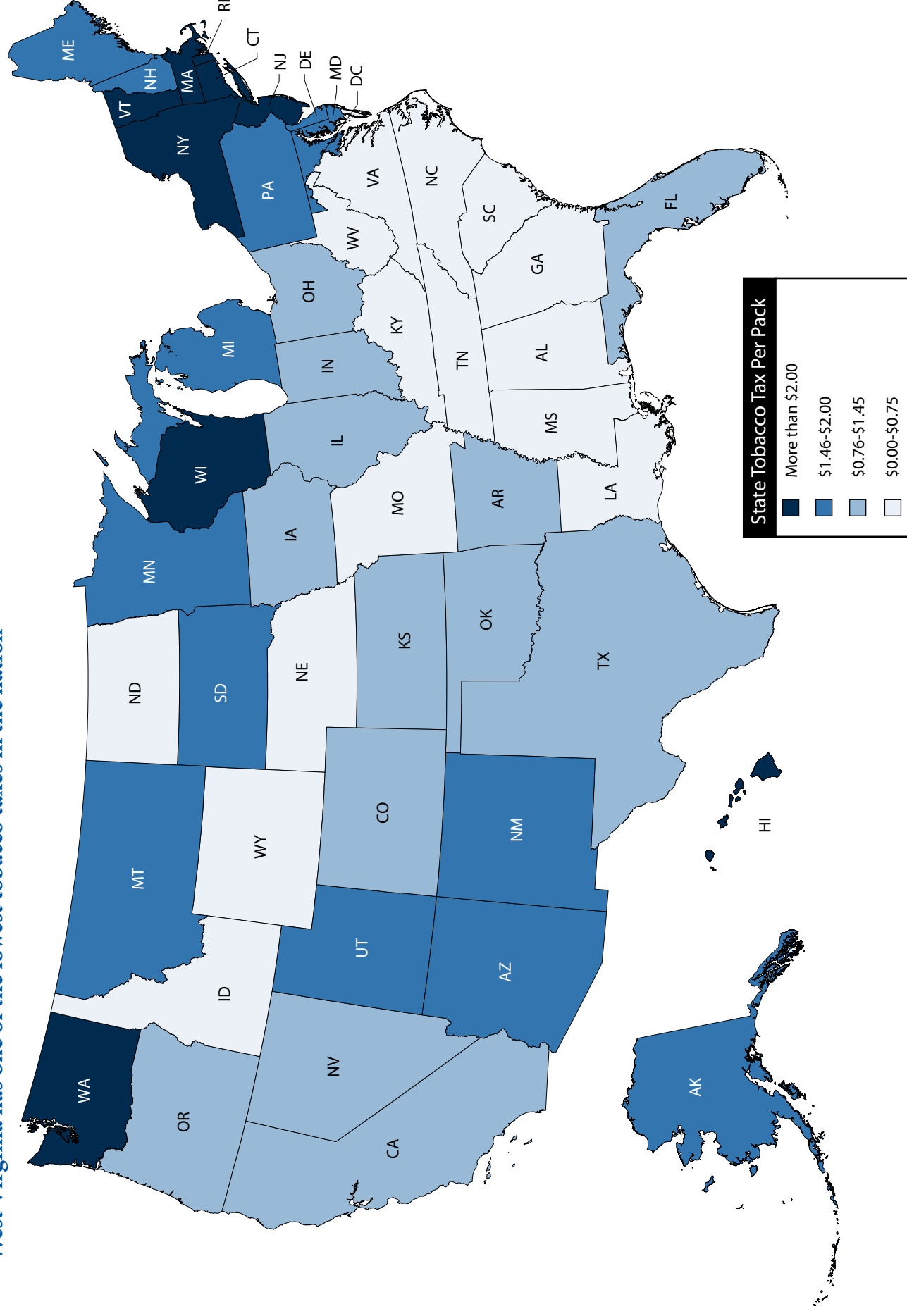
Higher tax brings in valuable new revenue

	New State Revenue (\$1.00 increase)	New State Revenue (\$0.50/\$0.50 phase in)
Year 1	\$133 million	\$78 million
Year 2	\$129 million	\$138 million
Year 3	\$126 million	\$134 million
Year 4	\$122 million	\$131 million
Year 5	\$119 million	\$127 million
5 Year Total	\$630 million	\$609 million

Source: Table duplicated from Campaign for Tobacco-Free Kids, “Phasing in the \$1.00 Cigarette Tax Increase in West Virginia Will Reduce State Revenues and Public Health Benefits.”

Figure 1

West Virginia has one of the lowest tobacco taxes in the nation



Source: Campaign for Tobacco-Free Kids, “Key State-Specific Tobacco-Related Data and Rankings.” Map created by WVCBP.

Endnotes

- 1 The U.S. Surgeon General has written extensively on the topic, including the reports: “Women and Smoking: A Report of the Surgeon General,” 2001; “How Tobacco Smoke Causes Disease: The Biology and Behavioral Basis for Smoking-Attributable Disease,” Chapter 8: Reproductive and Developmental Effects, 2010.
- 2 *Ibid.* See also: National Research Council and Institute of Medicine (2000), *From Neurons to Neighborhoods: The Science of Early Childhood Development*, Committee on Integrating the Science of Early Childhood Development. Jack P. Shonkoff and Deborah A. Phillips, eds. Board on Children, Youth, and Families, Commission on Behavioral and Social Sciences and Education. Washington, D.C.: National Academy Press.
- 3 For more information on pregnant women and methods of smoking cessation, see: “Women and Smoking: A Report of the Surgeon General,” Chapter 5: Efforts to Reduce Tobacco Use Among Women.
- 4 Richard Lowry, Laura Kann, Janet L. Collins, Lloyd J. Kolbe, “Effect of Socioeconomic Status on Chronic Disease Risk Behaviors Among U.S. Adolescents,” *The Journal of the American Medical Association*, 1996, 276(10):792-797.
- 5 *Ibid.*
- 6 West Virginia Bureau for Public Health, “A Healthier Future for West Virginia – Healthy People 2010.” Accessed at <http://www.wvdhhr.org/bph/hp2010/objective/final2010.pdf>.
- 7 West Virginia Bureau for Public Health, “Tobacco Is Killing and Costing Us: A Report on Tobacco Use Rates, Smoking-Related Deaths, Smoking-Related Health Care and Other Costs in West Virginia, 2002-2006,” June 2009.
- 8 Centers for Disease Control and Prevention, “Reducing Tobacco Use: A Report of the Surgeon General,” Chapter 6: Economic Approaches, 2000. Also: CDC, “Response to Increases in Cigarette Prices by Race/Ethnicity, Income, and Age Groups - United States, 1976-1993,” 1998; “Federal and State Cigarette Excise Taxes - United States, 1995-2009,” 2009.
- 9 *Ibid.*
- 10 Campaign for Tobacco-Free Kids, “State Cigarette Excise Tax Rates and Rankings,” August 3, 2010.
- 11 *Ibid.*