

TOBACCO EXCISE TAX

Issue: There are various components which comprise tobacco control initiatives including a substantial increase in the tax on tobacco products. Increasing tobacco excise taxes is the single most effective strategy in reducing tobacco use, particularly among children. It can also be an effective means to help fund the cost of healthcare programs in the State.

Background: In West Virginia, the state excise tax on tobacco has not been increased since 2003. The tax currently is .55 per pack of cigarettes. This tax rate still places West Virginia well below the national average of 96.1 cents per pack. West Virginia nationally ranks 36th in our rate of cigarette excise taxes, although our adult smoking rate is the 2nd highest in the nation. Raising tobacco taxes always increases revenue and decreases tobacco consumption. In fact, studies show that for every 10 percent increase in the price of cigarettes, overall consumption among children falls approximately 14 percent.

Neighboring states are increasing their state tobacco taxes; Ohio recently increased their cigarette tax from .55 to \$1.25.

The excise tax in West Virginia on tobacco products other than cigarettes remains at seven percent.

WVHA Position: WVHA supports a substantial increase in the tax on cigarettes (up to \$1 per package) and a substantial tax on all other tobacco products (up to 70 percent of the wholesale price), including snuff, chewing tobacco, roll-your-own tobacco, pipe tobacco and cigars.

WVHA supports using proceeds from the tax to finance healthcare related programs, including but not limited to:

- Use of a portion of the tax to eliminate the current assessment on hospitals to fund the state's high-risk insurance pool (AccessWV)
- Full funding of the state's tobacco control and education programs at CDC-recommended levels

- Improving governmental payments to providers to reduce the current level of cost-shifting.

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