



The Independent Voice for Kentucky's Children

KENTUCKY
YOUTH
ADVOCATES

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**Cigarette Excise Tax Increase Provides More Revenue and
No Long-Term Impact on Cross-Border Sales**

Louisville, KY – In June of 2005, Kentucky increased its cigarette excise tax from 3 to 30 cents per pack. Over the last two years, Kentucky Youth Advocates documented cigarette prices, both before and after the increase to determine what the effect on prices would be. Contrary to worries, survey data finds that retailers did not have to raise their prices in order to remain competitive. What's more, overall sales of cigarettes remained essentially the same.

Kentucky Youth Advocates released an issue brief with the complete findings today. Other findings of note were:

- The price of a pack of cigarettes varies widely among regions in Kentucky.
- Factors other than the tax increase affect cigarette pricing.
- Cigarette sales in Kentucky remained the same following the excise tax increase.
- There is room to increase the excise tax further.

Kentucky continues to have some of the worst statistics related to tobacco use and related illnesses. More than 1 in 4 (26 percent) of Kentucky reported women smoking while pregnant. This is one of the highest rates in the country. It is a direct consequence that Kentucky also has a high number of low birth weight babies, a higher number of preterm births and higher infant mortality than other states. Research shows that smoking while pregnant increase the risk of all of these problems.

The survey found that the cigarette tax increase did little harm to cross-border competition, plus surrounding states have increased their excise taxes since the last round of survey data. Therefore, further increases in the excise tax would not hurt cigarette retailers in Kentucky.

“The lesson is clear. We do not have to make a choice between the health of Kentuckians and the health of retailers. There is a clear opportunity to increase the excise tax as both a fiscal strategy and commitment to health,” says Terry Brooks, Executive Director of Kentucky Youth Advocates (KYA).

According to the American Heart Association and the Campaign for Tobacco Free Kids, Kentucky's families and businesses pay almost \$1.5 billion every year to treat tobacco-caused disease, an estimated \$487 million in Medicaid payments alone.

“While this is a tax issue as an increase does raise revenues, for Kentucky, it is overwhelmingly a health issue as we continue to pour millions of dollars every year into tobacco related illnesses.” states KYA Deputy Director, Tracy Goff Herman.

To see a full copy of the issue brief, visit www.kyyouth.org.

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***Kentucky Youth Advocates** is a non-partisan, non-profit, children's advocacy organization. KYA represents a voice for Kentucky's most precious asset – its youth. We believe that Kentucky's youth deserve the opportunities and resources necessary to ensure their productive development and health.*