

## **OPINION**

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### **PRICE-BASED (NOT WEIGHT-BASED) TAX ON OTHER TOBACCO PRODUCTS IS**

#### **PA'S ONLY OPTION**

Like every other state, Pennsylvania has a tax on cigarettes.

Unlike every other state, Pennsylvania does not tax other tobacco products (OTPs) — including cigars, bidis, snus and snuff.

Thankfully, Governor Ed Rendell has taken a huge step in the right direction by proposing to close this loophole and start taxing OTPs as they should be.

Unfortunately, the proposal is flawed. In his 2009-2010 budget, the governor has proposed a tax based on the weight of the OTP. The weight-based tax actually boosts Big Tobacco's profits.

Is that the goal of the tobacco tax? Not so much.

Fortunately, Governor Rendell can fix this flaw easily. Instead of taxing OTPs on their weight, as the large tobacco companies want us to; simply base the tax on percentage of wholesale price.

The tobacco industry is pushing for the weight-based tax to help wipe out competition and because they want the government's help to addict our kids to a whole new generation of smokeless tobacco products. These new ultra-light products, which are smokeless, spitless, and can dissolve in your mouth like candy, would be relatively untaxed under Governor Rendell's proposal, which would keep the price very low. That makes the OTP more affordable and accessible, especially to youth.

We tax tobacco for two main reasons: First, to discourage people from using tobacco, pushing them to quit or at least cut back. This is particularly true for youth. Second, to make money for the state.

These reasons apply to OTPs just as much as they apply to cigarettes. The evidence shows that adding a percentage of wholesale price-based tax to OTPs will be more effective in both decreasing tobacco consumption and increasing the revenue stream to the state.

First, let's look at the health reasons for adding a price-based tax on OTPs.

Tobacco use (cigarettes and OTPs combined) kills nearly a half million people in American each year, including more than 30,000 in Pennsylvania alone. By decreasing tobacco use, we can save thousands of lives every year. That doesn't even count the number of people whose lives will be better – free of asthma, lung cancer, and a myriad of other diseases – because they quit or cut back.

Increasing OTP prices by 10 percent reduces adult consumption by 3.7 percent and male youth consumption by 5.9 percent, according to the Campaign for Tobacco-Free Kids.

Some may argue that OTPs aren't as harmful as cigarettes, but that's not true. Smokeless tobacco is as addictive as cigarettes, and smokeless tobacco users have an 80 percent higher risk of developing oral cancer than non-users.

Pennsylvania is particularly hard hit by OTPs. Seven percent of adult males in Pennsylvania use smokeless tobacco – more than double the national average of 3 percent. And 15 percent of our high school students have experimented with smokeless tobacco, making them prime candidates for more severe nicotine addiction as adults.

Now let's see how an OTP tax will really affect our state's bank account.

Conservatively, Pennsylvania could generate about \$70 million from a price-based OTP tax. That \$70 million would go a long way toward balancing the state budget.

The price-based tax also prepares us for the future. By basing the tax on price, we would automatically keep up with inflation and OTP price increases.

Ultimately, it's appropriate for tobacco users – all tobacco users – to pay taxes for their tobacco of choice. Tobacco use costs the nation \$96 billion a year in healthcare costs. Pennsylvania spends \$5.2 billion each year in smoking-caused healthcare costs.

A price-based tax on OTPs will generate \$70 million to support the state budget in its first year alone.

A weight-based tax, on the other hand, will help the tobacco industry make more money and make OTPs even more appealing to Pennsylvania's young people.

It's great that Governor Rendell and our legislators are finally moving to close this loophole in Pennsylvania's tobacco tax law.

We just hope they'll consider the price we'll all pay if they go with a weight-based tax.

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#### ABOUT PACT

The Pennsylvania Alliance to Control Tobacco (PACT) is a statewide coalition focused on grassroots public policy and advocacy. The mission of PACT is to strengthen tobacco control laws in Pennsylvania, provide education about the dangers of tobacco, and reduce tobacco use through statewide grassroots advocacy. PACT staff provides Pennsylvania's local tobacco control coalitions with education, training and support in public policy initiatives.

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