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**WORKING FOR A
TOBACCO-FREE
NEVADA**

MEMORANDUM

TO: Senate Committee On Taxation
DATE: April 8, 2003
RE: Opposition To Cigarette Tax Born From Industry Self-Interest
A Higher Cigarette Tax is a Win-Win-Win Solution

As Nevada's leaders debate how best to balance the state budget and fund vital programs, one solution – increasing the state's cigarette excise tax – stands out as good fiscal policy, good public health policy, and good politics. In short, increasing the tobacco excise tax is a win-win-win solution. Across the country, a growing number of governors and legislatures from across the political spectrum are realizing that an increase in their cigarette tax will (1) raise substantial revenue, (2) reduce smoking rates and smoking-caused health care costs, and (3) win broad support from voters. The only losers are the tobacco companies themselves.

We urge you to support the increasing of Nevada's cigarette tax. And, we want to take this opportunity to provide you with additional information to counter the tobacco industry and their allies' attempts to raise inaccurate arguments against cigarette tax increases.

MISINFORMATION – Higher cigarette taxes increase illegal smuggling.

COUGHING UP THE TRUTH – Increasing tobacco excise taxes ALWAYS increases state revenues! The tobacco industry uses the threat of a black market for smuggled cigarettes as a scare tactic to block excise taxes. Every single state that has raised its cigarette taxes has experienced increased cigarette tax revenue despite the smoking declines associated with the tax increase and despite any so-called increases in cigarette smuggling or other forms of tax-avoidance purchases. Moreover, a recent study in the journal "Health Economics" found that cigarette smuggling and tax-avoidance purchases account for no more than five percent of total cigarette sales, including purchases by smokers who go over state borders to obtain lower prices.

The problem of cigarette smuggling and tax avoidance is not caused by states raising their cigarette tax rates, but by the incredibly low cigarette tax rates still charged by a handful of states. If the low-tax states, like Nevada, raised their rates to those of surrounding states, the supply of low-cost cigarettes for interstate smuggling would disappear. As a bonus, these low-tax states would also gain substantially more revenue from increasing their cigarette taxes than they currently get from smuggling.

American Cancer Society
American Heart Association
American Lung Association
Americans for Nonsmokers Rights
Barbara Greenspun
Women's Care Center
Bureau of Alcohol & Drug Abuse
BEST Coalition
Carson City Tobacco
Prevention Coalition
Carson Tahoe Hospital
Tobacco Cessation Program
Campaign for Tobacco Free Kids
Clark County Health District
CLASSI Publication
Dan Hart & Associates
FaTSOO
Girl Scout Councils of Nevada
HealthSmart
JOIN Together Northern Nevada
Moore Iacofano Golstamn, Inc.
Nevada Department of Education
Nevada Hispanic Services
Nevada Nicotine Treatment Center
Nevada Public Health Foundation
Nevada State Health Division
Tobacco Control Program
Nevada State Medical Association
Non-Smoking Alliance
Ovarian Cancer Alliance of Nevada
Robert Wood Johnson Foundation
Salud en Accion
Sista to Sista
St. Mary's Health Network
Sierra Health Network
American Medical Association
Smokeless States Program
Southern Nevada AHEC
Stop Tobacco Use In Clark Co.
Teachers Health Trust
UNLV School of Dentistry
UNR Center for Environmental
Sciences and Engineering
Vitality Center
Washoe Co. District Health Dept.
Tobacco Control Program
Washoe Co. Tobacco
Prevention Coalition
WestCare Nevada
XPOZ

...Partial List.

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EXHIBIT H Committee on Taxation

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