



Proposition B Summary: Relating to Tobacco Product Taxation November 6, 2012 Missouri Ballot Measure

The Question

Should Missouri law establish additional taxes on cigarettes and other tobacco products?

The Issue

At \$0.17 per pack, Missouri has the lowest cigarette tax in the U.S. (the national average is \$1.49). Missouri currently has the country's 11th highest smoking rate (21% of adults and 19.5% of high school students smoke). Every year, more than 8,600 Missouri youth start smoking, and 9,500 Missouri residents die from smoking-related illness and disease. According to the American Lung Association, when combining direct spending on medical care and indirect costs of lost productivity, tobacco use costs Missouri's economy more than \$7 billion a year. All Missouri taxpayers—regardless of smoking status—pay about \$581 in taxes per household each year due to the high rates of tobacco use in the state.

The Proposal

Proposition B amends Missouri law to increase the current cigarette tax by \$0.73 to \$0.90 per pack; to increase the tax on roll-your-own tobacco products by 25 percent; and to increase the tax on other tobacco products, such as chewing tobacco, by 15 percent.

Proposition B creates the Health and Education Trust Fund to support Missouri public schools and pay for tobacco control programs with tax proceeds: 50 percent of funds will support public elementary and secondary schools; 30 percent will support state colleges and universities; and 20 percent will fund tobacco prevention and quit programs.

Proposition B changes requirements for the escrow fund that reimburses the state for smoking-related health expenses by increasing the amount generic brand tobacco manufacturers must pay to more closely match that of name brand manufacturers.

Fiscal Effect

Estimates released by the Missouri State Auditor's office concluded Proposition B would increase state revenue from \$283 to \$423 million annually.

Yes Vote / Supporters

Missouri law will create additional taxes on cigarettes and other tobacco products. Proceeds will support tobacco control and public education. All tobacco manufacturers will have comparable escrow fund requirements.

The tobacco tax initiative would raise at least \$283 million per year in state revenue and save Missouri money by reducing costs linked to smoking.

No Vote / Opponents

Missouri law will not change regarding taxes on cigarettes and other tobacco products or the escrow requirements for generic and name brand tobacco product manufacturers.

The tobacco tax initiative would make Missouri tobacco sales less competitive than four border states and hurt businesses that sell tobacco products.

Bottom Line

The 2012 U.S. Surgeon General's report, *Preventing Tobacco Use Among Youth and Young Adults*, reviewed research about tobacco tax increases and concluded that higher tobacco taxes and prices are a proven effective method for reducing tobacco use. By reducing tobacco consumption, encouraging cessation, and preventing smoking among potential users, Proposition B could benefit the economy and would benefit public health in Missouri.