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Georgia Budget and Policy Institute

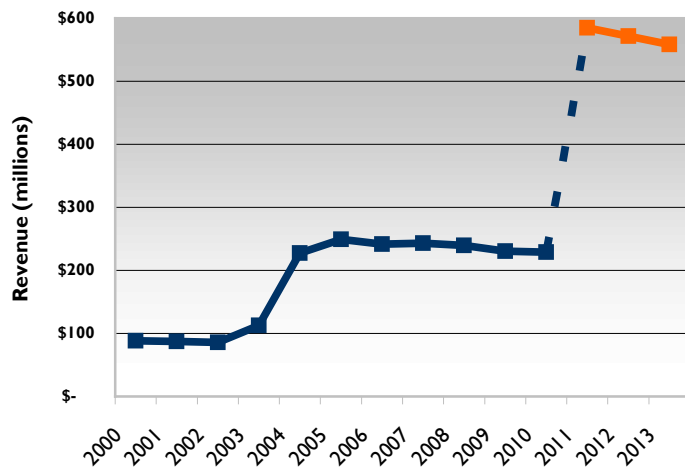
# STATE BUDGET FACTS

## INCREASING THE TOBACCO TAX BRINGS SIGNIFICANT REVENUE, PREVENTS CUTS

### GEORGIA'S TOBACCO REVENUE IS LIKELY TO MORE THAN DOUBLE IF HB 39 PASSES, DESPITE DECLINING SALES

Georgia's tobacco revenues almost tripled after the 2003 rate increase from 7 cents to 37 cents per pack. Raising the cigarette tax by \$1 per pack and the tax on smokeless tobacco products from 10 percent to 25 percent, as proposed in House Bill 39, would boost revenues by at least \$355 million this upcoming fiscal year (FY 2011), according to the Department of Audits' most recent estimate.

#### TOBACCO TAX REVENUES ROSE SIGNIFICANTLY AFTER 2003 INCREASE; RISE PROJECTED AGAIN WITH HB 39



Source: Georgia's official fiscal note for HB 39, March 4, 2010.

Accounting for declining sales, the Department's estimate for FY 2011 projects a low-end revenue gain of an additional \$355 million and a high-end gain of \$406 million.

### R E C O M M E N D A T I O N

Without new revenues, Georgia is facing multi-billion dollar deficits in FY 2011 and FY 2012. The state is already experiencing deep cuts to essential services.

**LAWMAKERS SHOULD PASS HOUSE BILL 39  
AS PART OF A BALANCED APPROACH TO  
ADDRESSING THE DEFICIT.**

### SOUTHERN STATES INCREASE REVENUES DRAMATICALLY BY RAISING CIGARETTE TAX

Nineteen states increased tobacco taxes in 2009, including several Southern states. As expected, these Southern states have received a boost in revenues, ranging from 13 percent more tobacco tax revenues for North Carolina's dime-per-pack increase to 212 percent more tobacco revenues for Florida's \$1 per pack increase.

	Per Pack Increase	New Tax Rate	% Gain in Tobacco Revenues in First 7 Months of FY 2010
Florida	\$1.00	\$1.34	212%
Mississippi	50¢	68¢	149%
Kentucky	30¢	60¢	73%
North Carolina	10¢	45¢	13%

\*N.C.'s tax increase went into effect September 1, 2009, thus the increase shown is for the five months the tax change has been in effect. Sources: States' Departments of Revenue monthly revenue reports, January 2010.

Georgia's cigarette tax is currently fifth lowest in the nation. A dollar-a-pack increase would raise it to the middle among states.

Read more about the tobacco tax and other revenue-raising options at [www.GBPI.org](http://www.GBPI.org).

### THOUGHTFUL ANALYSIS...RESPONSIBLE POLICY

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