



Vote NO on SB 40

SB 40 – Cigarette and Tobacco Tax Amendments

- **Tobacco tax increases will not balance Utah’s budget.** As the table below shows, Utah’s tobacco tax revenues DECREASED after the federal government increased the tobacco tax in April 2009.

**Tobacco Tax Revenues, July through December 2009
compared with July through December 2008**

	2009	2008	Change	% Change
Cigarette Licenses & Fees	\$5,888	\$6,161	(\$272)	-4.4%
Cigarette Taxes	\$23,200,718	\$28,548,159	(\$5,347,441)	-18.7%
Tobacco Products Tax	\$4,996,865	\$5,750,412	(\$753,547)	-13.1%
Cigarette Tax Tobacco Prevention - Rstrctd	\$4,609,225	\$4,593,030	\$16,195	0.4%
Total	\$28,445,007	\$34,479,609	(\$6,085,066)	-15.6%

Source: Calculations by the Utah Taxpayers Association using data from the Utah State Tax Commission’s Revenue Summary for the first seven months of FY 2010

- **Other states have raised their tobacco tax, and seen their tobacco tax revenues DECLINE.**
 - In 2007, New Jersey raised their tobacco tax by 17.5 cents, and had its tobacco tax revenue go down by \$22 million.
 - Arkansas raised the tobacco tax in 2009, and is anticipating a \$10.3 million drop for FY 2010.
 - Mississippi raised the cigarette tax last May, and is now projecting a decrease in \$4.7 million in tobacco tax revenues.
- **An increase in Utah’s tobacco tax will divert sales to neighboring states.** In 1997 the Utah legislature increased the tobacco tax making the price of a carton of cigarettes in Utah \$4.00 higher than in Wyoming. Price Waterhouse found in the four months following the tax hike that stores in Evanston, Wyoming increased cigarette sales by 23 percent.
- **The tobacco tax violates the basic principles of good tax policy.** The Congressional Budget Office has found that tobacco taxes are the most regressive of all taxes. They apply a high rate over a narrow base and impact low-income families 15 times more than higher earning groups. These are the exact characteristics of BAD tax policy.
- **Who opposes SB 40?**
 - Utah Taxpayers Association
 - Utah Food Industry Association
 - Utah Petroleum Marketers & Retailers Association

