

# WINSTON-SALEM JOURNAL

## Benefit seen in lower smokeless-products tax

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**January 14, 2011**

A national study of state tobacco taxes, released Thursday, found that a lower rate on smokeless products could encourage users to switch from cigarettes.

According to the National Center for Policy Analysis, six states — Iowa, Maine, North Dakota, Oregon, Utah and Wyoming — have a higher tax on smokeless tobacco than cigarettes.

In North Carolina, smokeless tobacco is taxed at 10 percent of the wholesale price of a product. By comparison, there is a 45-cent tax on a pack of cigarettes.

The group reported that the national average is a 73-cent tax on smokeless-tobacco products and a \$1.45 tax on a cigarette pack.

Analysts say that most tobacco taxes are geared toward recouping the cost to society of health-care expenses related to its use. However, some state-level politicians want to fill budget shortfalls with a larger tax on those products.

"Some states are, in essence, discouraging people from pursuing a lower-risk product by taxing it at a higher rate," said Pamela Villarreal, a senior policy analyst with the think tank.

The smokeless-tobacco tax issue is pivotal to Reynolds American Inc., which is plowing ahead with its smokeless initiatives as part of what Susan Ivey, its top executive, calls its transformation into becoming a "total tobacco company."

Legislators representing the Triad said that even though there is a projected \$3.7 billion state budget shortfall for 2011, they know of no plans to try to raise the smokeless-tobacco tax this session. Such an effort briefly surfaced in 2009.

According to 2009 data from the U.S. Centers for Disease Control and Prevention, 4.3 percent of North Carolinians use smokeless-tobacco products, compared with 20.3 percent who smoke.

Villarreal said she based her report in part on recent U.S. and international studies on smokeless tobacco. The group said some smokeless products could be taxed at 10 percent of the tax level on cigarettes. "There are some people who cannot or will not quit smoking," Villarreal said.

"Tobacco taxes should be levied in a way that at least encourages people to make better choices."

One set of anti-smoking advocates says smokeless tobacco is a gateway for teenagers to cigarettes and discourages users from quitting. The Campaign for Tobacco-Free Kids says "all products must be taxed at equivalent rates" to keep users from switching brands.