

# Charlotte Observer

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## **Raise tobacco tax Lawmakers' refusal to hike cigarette tax is irresponsible**

Nearly half a century ago the N.C. General Assembly had the good sense to help create and fund the Research Triangle Park and launch the vast research organization known as the Research Triangle Institute.

Now members of the 2003 General Assembly should have the good sense to pay attention to a new study by Research Triangle Institute International, as it's now known, that could solve much of the state's current budget shortfall and lead to healthier citizens as well. Among other things, the study (available online at [www.rti.org](http://www.rti.org)) found that:

- . States that significantly raise cigarette excise taxes enjoy positive revenue growth even though smoking levels decline.

- . States that don't raise tobacco taxes lose tax revenue over time because of inflation and normal declines in smoking rates.

- . Increased cigarette taxes reduce smoking levels, especially among the young.

- . Twenty-six states have raised their cigarette tax rates since the beginning of 2002, and the average state cigarette tax rate is now 68.3 cents per pack. North Carolina's rate, third lowest in the nation, is 5 cents per pack unchanged since 1991.

Given that the General Assembly faces a \$400 million shortfall in balancing the 2003-04 budget, a cigarette tax increase should be on everyone's agenda. A 50-cent increase would bring in about \$273 million, and leave the N.C. tax rate at 55 cents per pack -- well below the national average.

Many lawmakers have declined to even consider a cigarette tax -- some because they promised not to raise taxes, and some because they don't believe in raising the cigarette tax. But the state has already chopped many state agencies and programs to the bone -- the court system is notoriously underfunded, for example. More revenue is needed, now.

Some lawmakers have proposed an increase in "sin" taxes, such as wine and beer, coupled with a modest cigarette tax hike to meet half the projected shortfall. They should go further, raising the cigarette tax by at least 50 cents. They should also create a state earned-income tax credit to mitigate the regressive nature of the hikes on low-income citizens.

State lawmakers have a responsibility to see that essential state services are provided and human needs are met. Last week, Mecklenburg County commissioners voted 6-2 in favor of a resolution encouraging the legislature to adopt a 75-cent per pack tax increase to help defray the counties' rising share of Medicaid cost increases. Given that many citizens covered by Medicaid suffer from ailments associated with smoking, such an increase is both reasonable and logical.

What's clear is that further cuts in the state budget would likely come at the expense of those least able to bear it -- children, pregnant women, mental health patients and the elderly. Lawmakers have avoided raising the cigarette tax for 12 years. It's time to raise it -- now when it's needed most.

## **Why not raise tobacco tax?**

### **Where are state leaders, and why aren't they leading on this issue?**

MARCUS PLESCIA

Special to The Observer

North Carolina desperately needs to increase the state's cigarette tax to protect the health of children. North Carolina's state leaders are lagging sorely behind the rest of the nation on this issue. At 5 cents per pack, our cigarette tax is the third lowest in the nation. The national average is 69 cents and several states have cigarette taxes as high as \$1.50. An increased cigarette tax is a very effective way to reduce smoking among children. All states that have significantly increased their cigarette taxes have seen a corresponding decrease in youth smoking rates.

Many children start experimenting with tobacco products at the age of 7, and most who become regular users do so by their early teens. Every day 66 N.C. kids begin smoking regularly -- that's more than 24,000 a year!

Once addicted to tobacco it is very difficult to quit. In the United States, 400,000 people die each year from the use of tobacco products --the equivalent of the deaths from New York City's Twin Towers every three days.

North Carolina contributes disproportionately to that death rate because a higher percentage of our children, pregnant women and adults smoke. Increasing the cigarette tax will decrease smoking rates here as it has in other states. This will reduce rates of early death and suffering across the state.

Increasing the cigarette tax makes good fiscal sense, too. Smoking-related illnesses and resulting lost work time cost the state \$4.75 billion each year. With fewer smokers, the state will save millions in health care expenses. A 75-cent increase in the cigarette tax will generate approximately \$380 million a year, money that can be used for many worthwhile purposes, like decreasing the burden on counties from Medicaid expenses.

Members of the N.C. House must take responsibility for the serious health risks of tobacco use in our state. Our leaders have the clear support of the majority of the state's voters -- both Democrats and Republicans. Three surveys have shown that as many as 65 percent of the voters support a significant increase in the cigarette tax. Our local leaders are already supporting us. The Mecklenburg Board of County Commissioners recently adopted a resolution endorsing a state tobacco tax as an important public health intervention.

Where is the leadership from our state representatives? When co-speakers Jim Black of Matthews and Richard Morgan of Pinehurst forged a creative plan to assure their leadership of the House, they initially lacked the votes to do so. But with due diligence they were able to gather the necessary votes.

North Carolina's children are worth the same effort. The co-speakers of the House can move this important health issue forward. They must do so. North Carolina's children are depending on them.

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## **CHECKUP**

### **A tax some say would be good for us**

KAREN GARLOCH

As a Mecklenburg County commissioners meeting dragged on last week, Dr. Marcus Plescia took a break in the lobby of the Charlotte-Mecklenburg Government Center.

There, looking out onto Fourth Street, he was struck by the irony before him.

He could hear the roar of race car engines in an uptown parade, part of festivities surrounding last weekend's Winston Cup, named for the famous cigarette brand.

In the next hour, he would applaud appreciatively when commissioners voted 6-2 to encourage legislators to increase the state's 5-cent cigarette tax by up to 75 cents.

The timing was good, Plescia thought. People needed a message to counteract the many cigarette ads at the races.

"Tobacco smoke causes a great deal of death and suffering," said Plescia, a family physician who treats predominantly black, low-income patients at Carolinas Medical Center-Biddle Point.

"People in low-income communities are more likely to quit (smoking) or not start because of the tax," he said.

Mecklenburg commissioners, acting in their dual role as the board of health, joined 23 other health boards that have endorsed a cigarette tax increase. It was the first time in North Carolina that a board of county commissioners voted in favor of such a tax.

Proponents cite studies showing that a 10 percent increase in the tax can lead to a 7 percent decrease in tobacco smoking among youths.

Whether the legislature, with its history of supporting tobacco growers and manufacturers, will act is still a question. But if it does, it will be big.

North Carolina's nickel-a-pack tax is third lowest in the nation. It has been 12 years since legislators raised the cigarette tax to 5 cents.

What's pushing the issue now is money: North Carolina, like most other states, is facing a budget shortfall.

A 75-cent increase would bring in an estimated \$380 million, according to Melva Fager Okun of the N.C. Health Alliance, a nonprofit group backing the tax increase.

In fact, Mecklenburg commissioners requested that revenues from any cigarette tax increase be used to reduce the counties' share of costs associated with Medicaid, a federal-state health program for the poor and disabled.

Mecklenburg will pay about \$27.9 million for Medicaid in the 2003-04 fiscal year, 2.6 percent of the county's total budget. North Carolina is one of only two states (New York is the other) that require counties to share Medicaid costs.

In the past two years, 22 other states have significantly raised cigarette taxes to meet budget problems. At least 14 states now have taxes of \$1 or more per pack.

John Singleton, a spokesman for R.J. Reynolds Tobacco Co., said it's unfair to ask smokers, a minority of the population, to balance the budget of a broad-based program such as Medicaid. But proponents say the real issue is health.

"Twenty-five thousand children a year become regular cigarette smokers in North Carolina," Okun said, "and the best way to stop that is by increasing the price of cigarettes."