



Local Cigarette and Tobacco Taxes

Background

In some states, local governments have been granted the authority by the state legislature to impose local cigarette or tobacco taxes on the retail sale of tobacco products. Often, the purpose of these taxes is to raise revenue for various spending initiatives and projects, and they are introduced to promote public health.

Arguments Against Adopting or Increasing Local Cigarette and Tobacco Taxes

- Virtually every city, town and county in the United States is scheduled to receive or has already received federal stimulus funds pursuant to the American Rescue Plan. The federal dollars, often millions of dollars per city, town or county, make the assessment of local cigarette and tobacco unnecessary.
- Local taxes often cause adult consumers to either drive to neighboring localities to or purchase tobacco products online just to avoid the local tax.
- Tobacco is often purchased in conjunction with gasoline, food, beverages, and other items by adult consumers. Driving all of these purchases outside local jurisdictions because of high cigarette or tobacco taxes not only causes harm to local, taxpaying businesses, but local tax revenues suffer as well.
- Local cigarette and tobacco taxes encourage development and growth of illicit markets where underage compliance goes unchecked and governments derive no revenue.