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DURBIN'S PROPOSED TOBACCO TAX WOULD HAVE HARMFUL CONSEQUENCES

Sen. Richard Durbin (D-IL), a hard-leftist senator representing the corrupt Illinois Democrat political machine for more years than people can remember, has proposed increasing rates on cigarettes by 100 percent and increasing the rates on all other tobacco and nicotine products to achieve parity with the rate on cigarettes, according to a new report by the nonpartisan Washington-based Tax Foundation.

"The Tobacco Tax Equity Act would double taxes on cigarettes and equalize rates on all other tobacco and nicotine products to match the new higher cigarette rate," writes the foundation's Ulrik Boesen.

The increase would result in substantial increases on chewing tobacco (2,034 percent), pipe tobacco (1,651 percent), and snuff (over 1,677 percent). Vapor products, which are not currently taxed at the federal level, would also be taxed at the level of cigarettes.

The report points out that a large portion of the new tax burden would fall on low-income Americans, as consumption of tobacco is more common in this group. Furthermore, the fatal flaw in this potential source of tax revenue is that "States stand to lose around \$689 million in revenue from excise taxes on tobacco products due to the tax increase's impact on consumption."

The proposed tax also would possibly result in serious health issues, as "Tax parity between the most harmful tobacco products and least harmful nicotine products would hurt smokers' ability to switch from cigarettes, which is a problem for public health."

When purchasing a pack of cigarettes, the average cigarette smoker currently pays:

\$1.01 in federal excise tax,
\$1.91 in state excise tax,
\$0.66 in master settlement cost, and
\$0.36 in average state sales tax

“For a pack-a-day smoker that translates to roughly \$1,435 per year in taxes on cigarettes, but the proposal would increase that total to \$1,823 per year. For low-income Americans, these figures represent a significant portion of their income, and the majority of smokers have lower incomes.”

Another warning sign of negative consequences is that 32,400 smokers in Minnesota were deterred from quitting cigarettes after the state implemented a 95 percent excise tax on vapor products. While vaping has been growing in many states, the decline in smoking has accelerated—especially among teens and young adults.

The report concludes: Excise taxes are legitimate when certain negative externalities associated with a type of transaction or type of consumption can be identified, and they can work well to establish user-fee systems. Lawmakers looking to generate stable revenue for general recurring spending priorities, however, should raise that through broad-based taxes at low rates instead.

“Dick Durbin has been causing Illinois taxpayers pain and anguish since he was elected to the U.S. Senate in 1997,” said Jim Tobin, economist and president of Taxpayers United of Illinois (TUA). “Many Illinois residents hadn’t even been born when he was elected to the senate. This ultra-leftist has been in office much too long. It’s time he retired and allowed a more moderate elected official to represent Illinois taxpayers.”

Source: <https://taxfoundation.org/federal-tobacco-tax-proposal/>