

## Cigarette User Fee: 4 Myths Dispelled

**Myth # 1:** *This is a regressive tax.*

**Reality:** Low-income smokers are more likely to quit in response to a price increase. As a result, a higher proportion of the tax is paid by people in higher income brackets.

Furthermore, if a tobacco tax increase is used to forestall a cut in health benefits or to expand coverage, then low-income people who would otherwise be uninsured will avoid the well-documented consequences of lack of coverage, including poorer health and shorter life spans.

**Myth #2:** *This is a declining revenue source.*

**Reality:** States that have established similar taxes have found revenues to be relatively stable, declining gradually and predictably over time. In addition, the cost savings associated with reductions in tobacco-related illnesses more than offset any decreases in revenue .

**Florida's revenue is based on different types of sales tax which fund a myriad of health and human services, all susceptible to fluctuations within the market.**

**Myth #3:** *Decreased tobacco sales will have an adverse impact on Florida's economy.*

**Reality:** Smokers who quit or cutback will spend or use the money they formerly spent on cigarettes in other ways. These alternative uses will produce more jobs and more productive economic activity. Economic studies have found that even if smoking were entirely eliminated in the U.S., the net economic effect on states like Florida would still be positive.

**Myth #4:** *More funding for "entitlement" programs just means expanded government.*

**Reality:** The provision of health care insurance coverage is more cost-effective than the alternative- uncompensated care.