

EconSouth Second Quarter 2011

Tax and Nicotine

Discussion questions

1. Identify the supporters versus the opposition in the political battle over setting cigarette tax rates.
2. Why do states find it desirable to raise cigarette tax rates?
3. What are the economic costs of cigarette smoking according to the Centers for Disease Control and Prevention?
4. According to the Centers for Disease Control and Prevention's Office of Smoking and Health, what is the relationship between cigarette consumption and higher cigarette tax rates? Cite some of the data from the article to support your answer.
5. Use price elasticity of demand to explain why state tax revenue initially rises, peaks, and then declines after an increase in the cigarette tax rate.

Related links

[Campaign for Tobacco-Free Kids: State Cigarette Excise Tax Rates & Rankings](#)—Use this table to examine states' excise tax rates.

[Campaign for Tobacco-Free Kids: Map of State Cigarette Tax Rates](#)—This map illustrates the data from the table in the previous link.

[Centers for Disease Control and Prevention: Smoking Cessation](#)—Have students discuss the negative externalities(spillover costs) associated with smoking. This link from the CDC's website can provide students with insights and information as they prepare their arguments.

[Tobacco Farmers Feel the Pinch of Rising Taxes](#)—This NPR podcast explores the impact of cigarette taxes on U.S. tobacco farmers.