



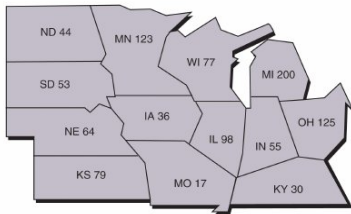
Indiana's Leaders Can Save Lives, Reduce Costs in Two Simple Steps

\$34.8 million for prevention funding, increase the cigarette tax

Tobacco, a tax on Hoosier lives and the economy:

The impact of tobacco-related disease and death is devastating to Hoosier health and causes a tremendous burden to the state's economy. Tobacco use is the leading preventable cause of death in Indiana, claiming more than 9,700 lives each year and costing the state \$2.08 billion annually in health care bills, including \$487 million in Medicaid payments alone in Indiana. Each pack of cigarettes sold in Indiana results in \$7.57 in increased health care costs.

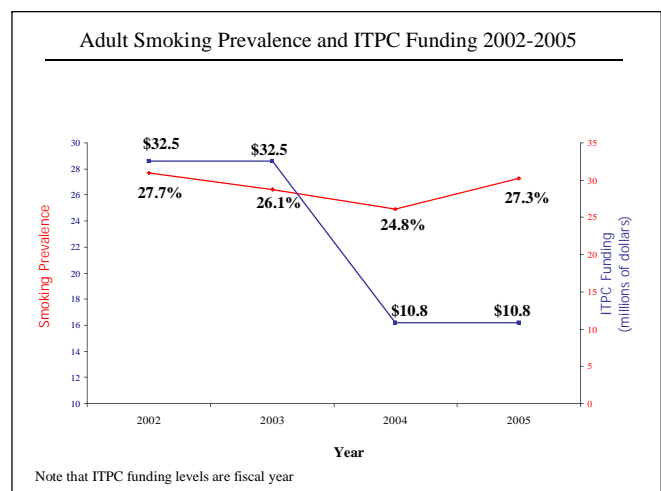
SURROUNDING STATES CIGARETTE TAXES



Further exacerbating the problem, Indiana's cigarette tax is one of the lowest rates in the region at 55.5 cents per pack. Michigan's tax rate is \$2.00 per pack, Ohio's is \$1.25, and Chicago smokers pay a \$3.66 tax on every pack. Research has long shown that cheap cigarettes result in more kids smoking and fewer adults quitting. Since Indiana legislators last passed an increase in the state cigarette tax, 38 states have passed or implemented 58 separate increases.

The Solution Part One: Fund The State's Tobacco Prevention Program

Indiana began to address these problems by creating of the Indiana Tobacco Prevention and Cessation Agency (ITPC) in 2000. During the time the legislature funded ITPC at levels close to the minimum recommendation by the Centers for Disease Control and Prevention (CDC), smoking prevalence rates in Indiana fell 10.5 % (from 27.7% in 2002 to 24.8% in 2004). Unfortunately, the legislature cut funding for the program by more than two-thirds dropping from \$32.5 million per year in 2003 to its current level of \$10.8 million dollars per year since 2004. In the meantime, the tobacco industry spent more than \$475.5 million dollars in 2003 alone to addict a generation of new smokers.



The result of the one-two punch of low cigarette taxes and funding cuts to ITPC is predictable: smoking rates have once again increased, climbing to 27.3% in 2005. When the state neglects program funding for tobacco prevention, smoking rates increase.

The Solution Part, Part 2: Increase Indiana's Cigarette Tax

No state cigarette tax increase in the country has ever failed to both reduce smoking and increase state revenue. In fact, increasing the price of cigarettes through the tax has been recognized by the Surgeon General and other public health experts as proven, highly effective way to reduce smoking. The reason is simple: increasing the price pushes adult smokers to quit and prices some kids out of the market before they get hooked.

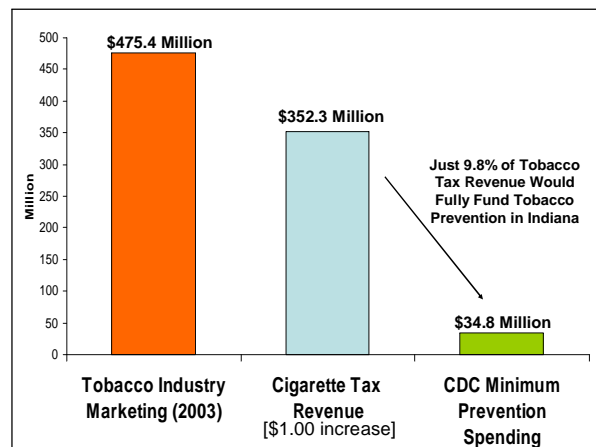
Raising the cigarette tax by at least a dollar will have a profound effect on the health of the state and reduce the economic drag and job losses caused by Indiana's high tobacco-related health care expenses. Tobacco use taxes our economy significantly due to the direct and indirect expenses associated with tobacco-related diseases.

Projected Benefits From Increasing the State Cigarette Tax By \$1.00 Per Pack

- **New state cigarette tax revenues each year: \$352.3 million**
- **Pack sales decline in state: -172.8 million**
- **Percent decrease in youth smoking: 18.0%**
- **Increase in total number of kids alive today who will not become smokers: 89,800**
- **Number of current adult smokers in the state who would quit: 52,900**
- **Number of smoking-affected births avoided over next five years: 16,000**
- **Number of current adult smokers saved from smoking-caused death: 14,000**
- **Number of kids alive today saved from later premature smoking-caused death: 28,700**
- **5-Year healthcare savings from fewer smoking-affected pregnancies & births: \$27.2 million**
- **5-year healthcare savings from fewer smoking-caused heart attacks & strokes: \$32.2 million**
- **Long-term healthcare savings in state from adult & youth smoking declines: \$2.7 billion**

The Best Success, Learning from Experience:

If there was a silver bullet for the tobacco problem, it would not be the number one preventable cause of death and disease. However many states are successfully attacking the problem, saving lives, and reducing the cost of tobacco. To achieve similar success in Indiana, it is critical to pursue several proven strategies simultaneously. For example, the impact of a cigarette tax increase is only maximized and sustained over time when there are resources available to help smokers quit and programs to keep kids from starting.



The solution is simple and proven to be effective time and again: the Indiana General Assembly should restore funding to ITPC's nationally-recognized prevention program to CDC-recommended levels of at least \$34.8 million dollars and raise the cigarette tax by at least \$1.00 per pack. We are long overdue for a state strategy strong enough to reduce the terrible toll tobacco is taking in Hoosier lives and the economy.

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Data compiled and provided by Campaign for Tobacco-Free Kids. For a list of citations, please contact adoeppers@tobaccofreekids.org.