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Did \$1-a-pack tax get smokers to quit — or get more creative?

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TALLAHASSEE — Cigarette sales have fallen sharply across Florida since Gov. Charlie Crist signed into law a \$1-a-pack tax increase this summer, plunging nearly 50 percent in some counties.

Statewide, cigarette sales that regularly topped 100 million packs per month dropped to 73 million packs after the tax took effect July 1. Since then, sales have inched back up to about 78 million packs — still well below prior levels.

To supporters, the sagging sales are evidence that the tax is meeting its public-health objective: getting smokers to quit. Critics, however, say many people are simply buying their cigarettes elsewhere or switching to items that aren't subject to the higher tax, such as small cigars.

The state levy on cigarettes is now \$1.34 per pack, compared with the 34-cent tax that had been in place since 1990.

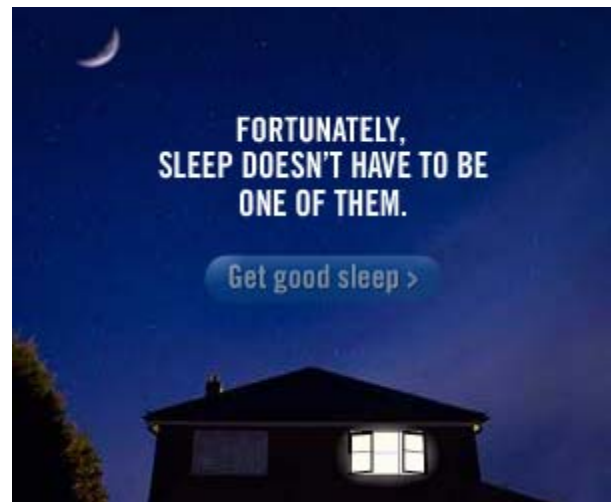
"It's working exactly the way it was designed to work. People are quitting," said Rep. Jim Waldman, D-Coconut Creek, a cigarette-tax champion. "If I could, I'd raise it another dollar."

The higher state tax isn't the only factor influencing sales. A 62-cent federal cigarette-tax increase went into effect in April. And Florida is a national leader in job losses and home foreclosures, which is surely pinching some of the state's 2.7 million smokers.

The most dramatic decline in cigarette sales came in Miami-Dade County. In June, the month before the higher tax hit stores, county retailers and convenience stores sold 8.9 million packs. A month later: 4.4 million. Sales since have crept back up to 6 million packs in September, the latest month for which county-by-county information is available.

Cigarette sales in Orange County — which averaged 5 million to 6 million packs a month before the tax took effect — dropped to about 4.2 million. In Volusia and Lake, sales dropped by about one-third, to 2.5 million and 1.3 million packs, respectively.

Despite the sharp falloff in sales, the new tax is bringing in as much revenue as expected. Anticipating a



drop in smoking rates, state economists had predicted the extra \$1 charge would generate \$958 million this year. Through October, the tax brought in \$325 million — on track to slightly exceed the target.

While the cigarette tax was used to help plug Florida's budget deficit, Crist and legislators cited public health as the primary motivator.

Dramatically lower cigarette sales surely chip away at the state's smoking rate, which is 20 percent for adults. But how much is not clear.

Calls to the state's tobacco quit line numbered 7,900 in the three months after the new tax took effect, a 25 percent increase over the same period in 2008. But the state also beefed up its anti-smoking TV, radio and billboard advertising campaign.

At Mike's Beer Barn in Tallahassee, across the street from the Florida State University campus, customers haven't necessarily given up smoking, but they have switched to cheaper brands, general manager Dan Felger said.

Instead of buying Marlboros — now \$6.29 a pack — more are opting for little cigars that sell for \$1.50 a pack or low-cost Dosal cigarettes, on special at two packs for \$7.

Barney Bishop, president of Associated Industries of Florida, which fought the cigarette-tax increase, conceded the tax might persuade some smokers to quit, but he said many more will simply get creative. Smokers will stock up during trips to low-cost states, he said, or buy cigarettes tax-free over the Internet. Border counties have seen some of the sharpest declines in cigarette sales.

"People aren't buying fewer cigarettes; they're just not paying taxes," he said.

Waldman said there has been a "perfect storm" in Florida to get smokers to kick the habit. "The recession, the increase in the cigarette tax — it came together at the right time."

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