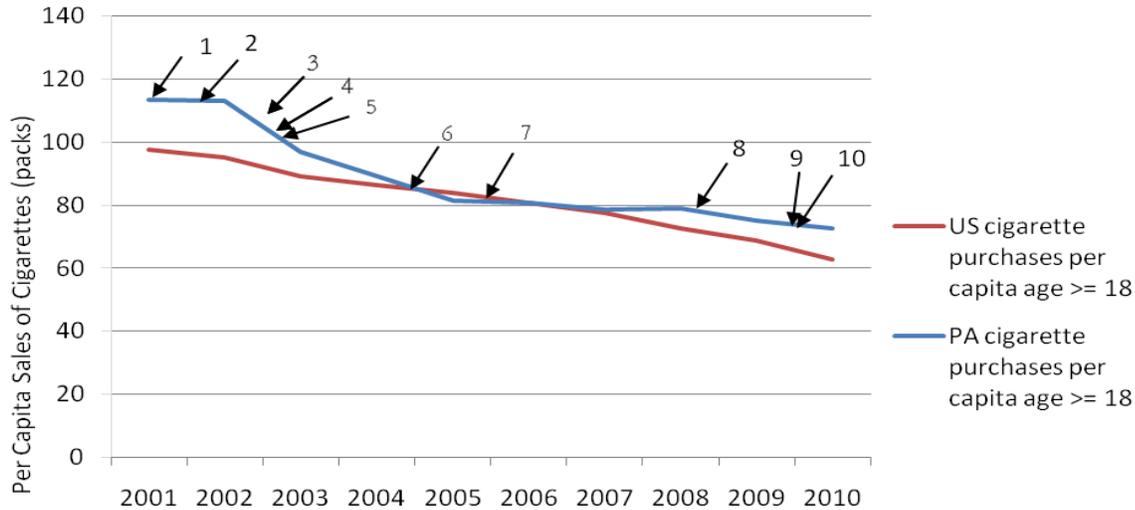


1. Cigarette Sales

Cigarette sales are falling in the United States as well as in Pennsylvania, as displayed in the figure and table on the next page. Figure 1-1 illustrates per capita sales of cigarettes, using population 18 years and older and sales of cigarettes reported by Orzechowski and Walker, in *The Tax Burden on Tobacco, Historical Compilation*. Pennsylvania sales dropped dramatically between 2002 and 2004, when Tobacco Settlement Act funds were distributed to counties for tobacco control and cessation programs and after a significant increase in cigarette excise tax. In 2005, Pennsylvania per capita cigarette sales briefly fell below the national per capita sales.

Table 1-2 shows sales of cigarettes in Pennsylvania in 2002 and 2010, using the cigarette sales reported by Orzechowski and Walker and revenue for the fiscal years from the Pennsylvania Department of Revenue. Pennsylvania smokers purchased 719 million packs of cigarettes in 2010, a drop of 32 percent since 2002. Between 2002 and 2010, per capita sales of cigarettes declined 36 percent. Despite the decline in cigarette purchases, excise taxes collected on the purchase of cigarettes has grown to over a billion dollars due to cigarette tax rate increases.

**Figure 1-1. Trends in Annual Per Capita Sales of Cigarettes
Pennsylvania and the United States, 2001-2010**



Related Events Noted on Chart:

1. June 2001: Enactment of Act 77 of 2001, the Tobacco Settlement Act, established a special fund and account for money received by Pennsylvania from the Master Settlement Agreement with tobacco manufacturers.
2. January 2002: \$0.69 per pack cigarette excise tax increase, from \$0.31 to \$1.
3. May 2002: 67 counties receive tobacco funds to establish comprehensive tobacco programs.
4. June 2002: Launch of Pennsylvania Free Quitline (1-800-QUIT-NOW).
5. July 2002: Act 112 of 2002, amended Youth Access to Tobacco law.
6. July 2004: \$0.35 per pack cigarette excise tax increase, from \$1 to \$1.35.
7. July 2005: Reduction in funding of Tobacco Prevention and Control.
8. September 2008: Enactment of Clean Indoor Air Act banning smoking in most indoor public places.
9. November 2009: Cigarette taxes went up \$0.25 to \$1.60 a pack of 20.
10. November 2009: Little cigars went from zero to \$0.08 a stick or \$1.60 per pack of 20.

Sources:

1. U.S. and Pennsylvania packs of cigarettes sold are from *The Tax Burden on Tobacco, Historical Compilation*, Orzechowski and Walker, Volume 45, 2010.
2. Packs of cigarettes are divided by Census estimates of population aged 18 and over in United States and Pennsylvania, in July of each year.

Table 1-2. Cigarette Sales, Pennsylvania, Change From 2002 to 2010

	State Tax-paid Cigarette Sales ¹	Annual PA Per Capita Cigarette Sales ²	Annual Gross Cigarette Excise Tax Collected ³
2002	1,064 million packs	114 packs	\$313 million
2010	719 million packs	73 packs	\$1,091 million
Change from 2002 to 2010	288 million fewer packs sold annually	41 packs of cigarettes fewer per capita	\$778 million increase

Source:

1. United States and Pennsylvania packs of cigarettes sold are from *The Tax Burden on Tobacco, Historical Compilation*, Orzechowski and Walker, Volume 45, 2010, for each fiscal year.
2. Per capital sales are packs of cigarettes divided by Census estimates of population aged 18 and over in United States and Pennsylvania in July of each year.
3. Annual gross cigarette excise tax collected is reported by PA Department of Revenue and summed for the fiscal year beginning in July of the prior year.