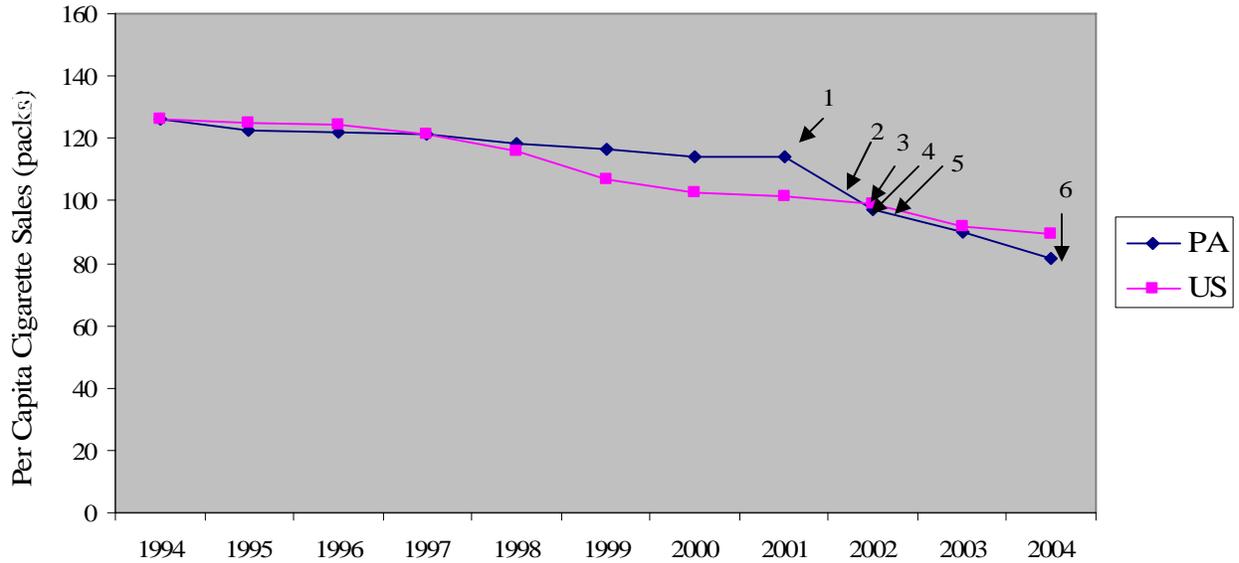


1. Cigarette Sales

Cigarette sales are falling in the United States as well as in Pennsylvania. The two charts on page 5 show that downward trend. Chart 1-1 illustrates per capita purchases of cigarettes using population 18 years and older. The per capita sales of cigarettes in the United States started to fall below that of Pennsylvania in 1998. Pennsylvania sales dropped dramatically between 2001 and 2002, when Tobacco Settlement Act funds were distributed to counties for tobacco control and cessation programs. In 2004, Pennsylvania per capita cigarette sales fell substantially below that of the nation.

Table 1-2 depicts the total packs of cigarettes sold in Pennsylvania between 1994 and 2004, using stamp sales from the Pennsylvania Department of Revenue. Pennsylvania smokers purchased 28 percent fewer packs of cigarettes in 2004, compared to 1994. The population growth during that ten-year period accounts for an even greater drop in the per capita purchase of cigarettes (using Pennsylvania population aged 18 and over) of 36 percent. Looking at these data between 1994 and 2001, per capita sales of cigarettes declined ten percent. Between 2001 and 2004, when counties began offering tobacco control and prevention programs, per capita sales fell approximately 30 percent. However, despite the decline in purchases of cigarettes, the amount of cigarette excise taxes collected increased due to an increase in the tax rate.

**Chart 1-1. Trends in Annual Per Capita Sales of Cigarettes (Packs)
Pennsylvania and the United States, 1994-2004**



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 \$1.00
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 \$1.00 to \$1.35

Sources:

PA per capita are data from PA Department of Revenue stamp sales, July through June for each year, divided by Census Bureau population estimates for Pennsylvanians 18 and over. Note: 1996 stamp sales had two missing months of data, and averages for that year were used for those months.

U.S. per capita data are from U.S. Department of Agriculture, Economic Research Service; The Economics of Food, Farming, Natural Resources, and Rural America. The data are provided based on per capita, using adults aged 18 and over, and in terms of total cigarettes sold. This can be found at <http://www.ers.usda.gov/Briefing/Tobacco/Data/table07.pdf>.

Table 1-2. Cigarette Sales in Packs, Pennsylvania, Change From 1994 to 2004

	State Tax-paid Cigarette Sales	Annual PA Per Capita Cigarette Sales	Annual Cigarette Excise Tax Collected
1994	1.095 billion packs	126 packs	\$347 million
2001	1.069 billion packs	114 packs	\$319 million
Change from 1994 to 2001	86 million fewer packs sold (7 percent decrease)	12 packs per capita (10 percent decrease)	\$28 million decrease (8 percent decrease)
2004	786 million packs	81 packs	\$1.029 billion
Change from 2001 to 2004	290 million fewer packs (26 percent decrease)	33 fewer packs (29 percent decrease)	\$710 million increase (205 percent increase)

Source: PA per capita are data from PA Department of Revenue stamp sales, July through June for each year, divided by Census Bureau population estimates for Pennsylvanians 18 and over.