



**RICHARD M.
FAIRBANKS
FOUNDATION**

INCREASING CIGARETTE TAX WOULD SAVE LIVES

**AND GENERATE MILLIONS
IN REVENUE FOR INDIANA**

FEBRUARY 2023

PROJECTED ANNUAL REVENUE FROM INCREASED CIGARETTE TAX EQUALS \$356 MILLION

Indiana has the eighth-highest rate of smoking in the country, and 11,000 Hoosiers die each year from smoking-related diseases. Annual healthcare expenditures directly caused by tobacco use in Indiana equal \$3.4 billion.

To reduce the smoking rate, save Hoosier lives and lower the cost of healthcare, one approach has been [proven effective](#) over all others: increase the price of cigarettes and other tobacco products. Extensive research clearly shows the demand for tobacco products follows the most fundamental law of economics: as prices go up, the quantity consumed goes down, and vice versa.

One way to adjust the cost of smoking in Indiana is to raise the state cigarette tax, which is currently \$.995/pack, the 12th-lowest tax among all states and Washington, D.C. Increasing the cigarette tax has the additional benefit of generating revenue for the state.

**IF INDIANA'S
PER-PACK
CIGARETTE TAX
INCREASED BY \$2:**



**PROJECTED NEW
ANNUAL REVENUE
TO INDIANA WOULD
TOTAL MORE THAN
\$356 MILLION.**

**APPROXIMATELY
45,000 CURRENT
ADULT SMOKERS
WOULD QUIT
SMOKING.**

**INDIANA'S LONG-
TERM HEALTHCARE
COSTS SAVINGS
WOULD EQUAL
\$795 MILLION.**



To get a full understanding of the public health benefits and the potential for new revenue, the Richard M. Fairbanks Foundation commissioned an [analysis from leading experts](#) who have decades of experience measuring the economic and public health impacts of smoking.

These findings show Indiana could decrease the state’s smoking rate while also saving money and generating revenue at the same time.

OVERALL FINDINGS IF INDIANA INCREASED CIGARETTE TAX BY \$2/PACK

PROJECTED NEW ANNUAL REVENUE TO INDIANA	\$356.2 MILLION
CURRENT ADULT SMOKERS WHO WOULD QUIT	45,100
LONG-TERM HEALTHCARE COSTS SAVINGS FROM DECLINES IN ADULT AND YOUTH SMOKING	\$795 MILLION
PERCENT DECREASE IN YOUTH SMOKING	16.6%
YOUTH KEPT FROM BECOMING ADULT SMOKERS	17,800
REDUCTION IN YOUNG ADULT (18-24) SMOKERS	3,700
PREMATURE SMOKING-CAUSED DEATHS PREVENTED	16,400
FIVE-YEAR REDUCTION IN THE NUMBER OF SMOKING-AFFECTED PREGNANCIES AND BIRTHS	8,000
FIVE-YEAR HEALTHCARE COSTS SAVINGS FROM FEWER SMOKING-CAUSED LUNG CANCER CASES	\$7.7 MILLION
FIVE-YEAR HEALTHCARE COSTS SAVINGS FROM FEWER SMOKING-AFFECTED PREGNANCIES + BIRTHS	\$17.7 MILLION
FIVE-YEAR HEALTHCARE COSTS SAVINGS FROM FEWER SMOKING-CAUSED HEART ATTACKS + STROKES	\$5.3 MILLION
FIVE-YEAR MEDICAID PROGRAM SAVINGS FOR INDIANA	\$13.3 MILLION



RECOMMENDED ACTION

To reap the benefits mentioned above – including saving lives, saving money and raising more revenue for the state – the report concludes Indiana should consider increasing the cigarette tax by \$2/pack. *To read the full report and see the list of data sources, visit [RMFF.org/smoking](https://rmff.org/smoking).*