



WHAT YOU NEED TO KNOW: TOBACCO TAXES



TOBACCO TAXES IN NEVADA

In Nevada:

- The Cigarette & OTP taxes are state-imposed taxes on cigarettes and other tobacco products like cigars, chewing tobacco & snuff.
 - **Cigarette Tax:**
 - \$1.80 for a pack of 20 cigarettes.
 - \$2.25 for a pack of 25 cigarettes.
 - Tribal stamped pack of 20s **aren't taxed.**
 - **OTP Tax Rate:**
 - 30% of the wholesale price unless they are premium cigars.
 - This varies by tobacco product and is applied to products like cigars, chewing tobacco & other forms of tobacco including vapor or alternative nicotine products not classified as cigarettes.

CURRENT TOBACCO INDUSTRY PRODUCT PRICING STRATEGIES

THE PRICE OF TOBACCO PRODUCTS DIRECTLY AFFECTS THE LEVELS OF CONSUMPTION!

TOBACCO PRODUCT COUPONS

- Consumers can receive these coupons in the mail, on product boxes or from the internet. They are often placed in low socio-economic neighborhoods or distributed among certain demographic groups like youth and minorities.

RETAIL VALUE-ADDED PROMOTIONS

- These promotions are typically seen as "multi-pack" offers, "buy 1, get 1 free" offers or "offering a free tobacco product with a purchase of another tobacco product" offers.

HOW TO ADDRESS THESE POLICIES:

- Legislators could **place restrictions on coupon redemption practices.** For example, prohibiting tobacco retailers from redeeming coupons that discount the price of tobacco products with penalties such as fines or license revocation.
- Legislators could **establish a minimum price law** that prohibits coupon redemption or retail value-added promotions that reduces the price of tobacco products below the statutory minimum price.

INCREASING THE PRICE OF TOBACCO PRODUCTS INCLUDING E-CIGARETTES IS ONE OF THE MOST EFFECTIVE WAYS TO REDUCE TOBACCO USE INITIATION AND INCREASE QUITTING!

WHAT E-CIGARETTES PRODUCTS SHOULD NEVADA TAX?

Since e-cigarettes include a range of devices that are designed to deliver nicotine or other substances and consist of many components like e-liquid cartridges and batteries, the **best practice is to tax all e-liquids and parts an e-cigarette that are necessary for its operation.**

WHAT TYPE OF TAX CAN NEVADA IMPOSE:

- A **specific tax** which is imposed on an e-cigarette product’s components like its e-liquid.
- An **ad valorem tax** which is imposed based on the value of the e-cigarette product.

TOBACCO TAX POLICY RECOMMENDATIONS

POLICY OPTION	POLICY IMPACTS
Raise the Nevada tax rate on cigarettes & all other tobacco products (OTPs).	Parallel increases in tax rates on cigarettes and OTPs will not only raise revenue but also discourage smokers from switching to cheaper tobacco products and be more inclined to quit tobacco use.
Ban price discounting and multi-pack offers on all tobacco products.	Prohibiting price discounting offers could lead to a decrease in the number of current Nevada smokers. Additionally, it could decrease the tobacco industry’s targeted marketing towards certain demographic groups like minorities and youth.

BENEFITS OF EFFECTIVE TOBACCO TAX POLICIES

EVERY 10% INCREASE IN THE PRICE OF CIGARETTES REDUCES TOBACCO USE BY 4% AMONG ADULTS AND 7% AMONG YOUTH



- Helps keep our youth from starting to use tobacco products including e-cigarettes.
- Encourages more adults to start their quit journey.
- Increases funding for public health programs including tobacco prevention programs.