

## **Updating Maine's Cigarette and Other Tobacco Products Excise Taxes to Strengthen Public Health, Generate Additional Revenue**

Maine is home to the highest adult smoking rate – and the second highest youth smoking rate – in New England.

Despite the well-established efficacy of cigarette taxes in reducing smoking rates, Maine has not raised its cigarette excise tax in two decades. The last time Maine raised its cigarette excise tax was in 2005, when the tax increased from \$1.00 to \$2.00. Meanwhile, every other New England state has increased their cigarette tax since 2013.

Today, it is now cheaper to buy cigarettes in Maine than in nearly any other state in the Northeast. Cigarettes are a leading cause of cancer, heart disease, and stroke. More than one-third of Maine cancer deaths each year are attributable to smoking.

Governor Mills' biennial budget proposal would raise Maine's cigarette excise tax by \$1.00 per pack, in an effort to utilize a proven public health tool to reduce the leading cause of preventable death. Consistent with current law, it would also increase the excise taxes on other tobacco and smokeless tobacco products by the same percentage change in the tax rate on cigarettes.

### **Maine's Tobacco Excise Taxes Have Proven Effective in Reducing Smoking**

In the late 1990s and early 2000s, Maine implemented a series of tobacco control measures, including significant increases to the cigarette excise tax. Between 1996 and 2008, adult smoking rates declined from 25 percent to 18 percent. Youth smoking rates dropped even more dramatically – from 35 percent in 1997 to 20 percent in 2003. While smoking rates have continued to decline in Maine, they have fallen less sharply than the national average. In 2023, 14 percent of adults and 5.6 percent of high school students in Maine smoked cigarettes. Increased use of electronic cigarettes could further erode Maine's progress; estimates show that 15.6 percent of Maine high school students reported using an e-cigarette in 2023. Between 2005 and 2020 the state increased the excise tax on the cost price of other tobacco products from 16 percent to 43 percent to address the growing demand for electronic cigarettes.

### **Impact on State Budget and Health Savings**

Increasing Maine's cigarette and other tobacco products taxes would generate approximately \$80 million in revenue to the General Fund over the biennium.

Maine's other tobacco excise tax applies to any product – as [defined in statute](#) – that is made or derived from tobacco, or that contain natural or artificial nicotine, liquids used in e-cigarettes including electronic smoking devices and chewing tobacco. Tobacco products do not include tobacco cessation products authorized for sale by the U.S. Food and Drug Administration or any product that contains adult-use or medical cannabis.

Smoking cessation correlates with health-related savings. According to the U.S. Centers for Disease Control and Prevention, Medicaid-related smoking expenditures cost Maine taxpayers \$281.2 million annually. Smoking-related productivity expenses – including absenteeism and inability to work – cost the state's economy \$1.5 billion each year.