

Statement of

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before the

**Courts, the Internet and Intellectual Property Subcommittee of the Judiciary Committee of the
United States House of Representatives**

on

**The Impact of Internet Cigarette Sales on State and Local Government Cigarette Excise and General
Sales Tax Revenue**

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Mr. Chairman and Members of the Committee, my name is Patrick Fleenor. I am the chief economist of Fiscal Economics, a consulting firm specializing in the economic analysis of fiscal policy. Prior to my current position I was a senior economist with the Joint Economic Committee of the United States Congress. I have also served as chief economist of the Tax Foundation, one of the nation's oldest and most respected think tanks. It is an honor for me to appear before you today to discuss the impact of Internet cigarette sales on state and local government budgets.

Introduction

Over the last 5 years, the retail price of cigarettes has soared. Buoyed by the rash of recent state and local excise tax hikes as well as the implicit tax hikes which are part of the Master Settlement Agreement, the average retail price of a pack of cigarettes has risen to nearly \$4.00 per pack, almost twice the level just 5 years ago. In high-tax jurisdictions such as New York City, cigarettes can cost as much as \$7.50 per pack.

Consumers have responded to these rising prices by increasingly searching out low-cost sources of cigarettes. One source that has experienced considerable growth over the last several years has been online tobacco retailers who sell cigarettes acquired from low-tax jurisdictions.

In 2000, it was estimated that there were roughly 40 U.S.-based websites selling cigarettes on the Internet. Today, this figure has risen to more than 200 with an equal number of foreign sites also selling cigarettes in the U.S. market. A September 2002 study by Prudential Securities estimated that 2 percent of the cigarettes consumed in the U.S. – more than 400 million packs annually - were purchased online.¹ The report projected that this figure would triple by 2005. Another study by Forrester Research forecast that Internet cigarette sales would claim 14 percent of the U.S. market by 2005.²

Estimating the Effect of Internet Cigarette Sales on State & Local Sales and Excise Tax Revenues by State

With state and local governments frequently collecting more than \$1.00 in excise and sales tax revenue on each pack of cigarettes sold, Internet cigarette sales can have significant fiscal effects. It is possible to calculate these effects by employing an economic model that apportions Internet cigarette sales by state and then uses information on sales and excise taxes as well as average price data to calculate revenue losses by jurisdiction.

This type of analysis was used to prepare the estimates presented in Table 1. Here it was assumed that Internet purchases accounted for 2.0 percent of total cigarette sales in FY 2003. Under this assumption, which is generally consistent with the estimate made in the Prudential Securities report, 413.9 million packs of cigarettes will be sold over the Internet during the 2003 fiscal year.

The allocation module of the model uses population data, smoking rates, sales and excise tax levels, and other information to calculate the demand for cigarettes as well as incentive to purchase cigarettes online. Consequently, states with similar populations can have widely differing levels of Internet sales. Total Internet sales in New York, for example, are estimated to be more than three times the level in Texas even though smoking rates in the two states are similar. This occurred in large part because the incentive to purchase cigarettes online – i.e. sales and excise taxes levied on cigarettes – were, on average, more than 3 times higher per pack in New York.

Once total Internet sales have been apportioned among the states the model calculates state and local excise and sales tax revenue lost as a result of Internet cigarette sales. The model estimates that in FY 2003 state and local governments in the U.S. will lose \$552.4 million due to online cigarette sales. The bulk of these funds, \$399.4 million or 72.3 percent of the total, will be due to lost excise tax collections. The balance will result from lost sales taxes.

Tables 2 and 3 present projections of state and local government revenue losses under current law for FY 2005 under two scenarios. The analysis underlying Table 2 assumes that Internet sales will capture 6 percent of the U.S. cigarette market by FY 2005, a forecast similar to that made by Prudential Securities. Under this scenario state and local governments will lose \$1.7 billion in excise and sales tax revenue during that fiscal year.

The results of the analysis presented in Table 3 assume that Internet cigarette sales climb to 14 percent of the market by FY 2005, a forecast generally consistent with that made by Forrester Research. Under this assumption, state and local governments would lose roughly \$4.0 billion in excise and sales tax revenue during FY 2005.

Conclusion

The ability of Internet retailers to sell low-tax cigarettes at a time of rapidly rising cigarette taxes has resulted in that sector supplying an ever increasing share of the nation's cigarette market in recent years. This has cost state and local governments billions of dollars in lost excise and sales tax revenue at a time of widening budget gaps. Even in the absence of additional tax hikes, many industry observers feel that the Internet sector will continue to expand over the next several years, with commensurate revenue losses for

state and local governments, unless the tax advantage Internet retailers currently enjoy over traditional brick-and-mortar retailers is significantly narrowed.

¹ Prudential Financial, *Buying Cigarettes Over the Internet*, September 24, 2002.

² Robert Rubin, Chris Charron, and Moria Doesey, *Online Tobacco Sales Grow, States Lose*, Forrester Research, Inc., April 27, 2001.

Table 1
Internet Cigarette Sales and Resulting State & Local Government Cigarette Excise and Sales Tax Revenue Losses by State
FY 2003, Assumes That Internet Sales Account for 2 Percent of the Total Consumption

	Internet Cigarette Sales (Packs of 20)	State & Local Government Revenue Losses			State			Local		
		State & Local		Sales	Total		Sales	Total		Sales
		Total	Excise		Excise	Total		Excise	Total	
United States	413,886,457	\$552,440,985	\$399,405,262	\$153,035,723	\$499,076,167	\$383,888,133	\$115,188,034	\$53,364,818	\$15,517,128	\$37,847,690
Alabama	3,599,709	2,351,675	811,936	1,539,738	1,507,526	593,952	913,574	844,148	217,984	626,164
Alaska	1,201,243	1,373,956	1,373,956	0	1,201,243	1,201,243	0	172,753	172,753	0
Arizona	9,086,680	12,354,200	8,526,543	3,827,663	11,391,550	8,526,543	2,865,007	962,656	0	962,656
Arkansas	2,653,762	1,650,163	835,935	814,228	1,467,802	835,935	631,867	182,361	0	182,361
California	49,384,217	64,171,923	42,964,269	21,207,654	59,307,277	42,964,269	16,343,008	4,864,646	0	4,864,646
Colorado	1,319,561	263,912	263,912	0	263,912	263,912	0	0	0	0
Connecticut	7,376,570	10,953,353	9,061,055	1,892,303	10,953,358	9,061,055	1,892,303	0	0	0
Delaware	328,065	78,736	78,736	0	78,736	78,736	0	0	0	0
Florida	14,557,036	8,308,824	4,934,835	3,373,989	8,190,428	4,934,835	3,255,592	119,397	0	118,397
Georgia	4,726,076	2,310,883	567,129	1,743,754	1,639,174	567,129	1,072,045	671,709	0	671,709
Hawaii	2,231,530	2,971,022	2,565,343	405,680	2,971,022	2,565,343	405,680	0	0	0
Idaho	833,579	367,232	233,402	133,830	367,232	233,402	133,830	0	0	0
Illinois	26,491,694	36,582,358	27,775,612	8,806,745	33,700,369	25,961,861	7,738,508	2,881,989	1,813,752	1,068,237
Indiana	8,771,201	6,796,647	4,868,017	1,928,630	6,796,647	4,868,017	1,928,630	0	0	0
Iowa	2,521,670	1,422,795	907,801	514,997	1,376,489	907,801	468,688	46,309	0	46,309
Kansas	3,695,007	3,710,829	2,588,505	1,124,324	3,471,851	2,586,505	885,346	236,978	0	236,978
Kentucky	1,921,254	429,330	57,638	371,692	429,310	57,638	371,673	20	0	20
Louisiana	4,564,251	4,314,382	1,596,612	2,717,769	2,891,787	1,596,612	1,295,175	1,422,594	0	1,422,594
Maine	2,499,368	2,898,699	2,335,574	563,125	2,898,699	2,335,574	563,125	0	0	0
Maryland	6,830,340	6,084,448	4,698,899	1,385,548	6,084,448	4,698,899	1,385,548	0	0	0
Massachusetts	14,922,401	25,505,390	21,796,927	3,708,463	25,505,390	21,796,927	3,708,463	0	0	0
Michigan	24,990,925	36,951,985	30,177,398	6,774,587	36,951,985	30,177,398	6,774,587	0	0	0
Minnesota	5,028,690	3,656,452	2,413,771	1,242,681	3,645,297	2,413,771	1,231,526	11,155	0	11,155
Mississippi	1,883,590	774,195	339,046	435,149	774,195	339,046	435,149	0	0	0
Missouri	4,368,504	2,301,689	893,974	1,407,715	1,697,932	742,646	955,287	603,757	151,329	452,428
Montana	229,886	41,343	41,343	0	41,343	41,343	0	0	0	0
Nebraska	2,029,841	1,729,346	1,145,609	583,737	1,638,678	1,145,609	493,069	90,668	0	90,668
Nevada	2,465,943	1,463,016	863,080	599,936	1,428,145	863,080	565,065	34,871	0	34,871
New Hampshire	1,087,336	565,415	565,415	0	565,415	565,415	0	0	0	0
New Jersey	21,973,246	39,195,163	32,959,869	6,235,294	39,195,163	32,959,869	6,235,294	0	0	0
New Mexico	1,205,082	573,163	253,067	320,096	510,542	253,067	257,475	62,621	0	62,621
New York	61,004,816	150,070,294	103,708,187	46,362,107	115,607,390	91,507,224	24,100,166	34,462,904	12,200,963	22,261,941
North Carolina	3,461,763	1,040,669	173,088	867,581	820,812	173,088	647,724	219,857	0	219,857
North Dakota	637,943	434,677	280,695	153,982	414,033	280,695	133,338	20,643	0	20,643
Ohio	16,325,970	13,278,540	9,051,865	4,226,675	12,541,463	8,979,284	3,562,179	737,077	72,581	664,496
Oregon	2,942,200	1,920,132	676,706	1,243,427	1,422,437	676,706	745,731	497,695	0	497,695
Pennsylvania	5,488,418	5,915,462	5,915,462	0	5,915,462	5,915,462	0	0	0	0
Rhode Island	25,123,388	30,907,214	24,458,479	6,448,735	30,761,344	24,458,479	6,302,865	145,870	0	145,870
South Carolina	2,763,804	4,480,365	3,648,222	832,144	4,480,365	3,648,222	832,144	0	0	0
South Dakota	1,701,560	423,420	119,109	304,311	411,591	119,109	292,482	11,829	0	11,829
Tennessee	654,962	412,622	253,820	158,802	377,347	253,820	123,527	35,275	0	35,275
Texas	5,049,571	2,978,436	906,551	1,981,885	2,542,000	996,356	1,545,643	436,242	195	436,242
Utah	21,464,143	15,921,037	8,800,299	7,120,739	14,551,479	8,800,299	5,751,181	1,369,558	0	1,369,558
Vermont	1,752,599	1,722,316	1,218,057	504,259	1,607,819	1,218,057	389,762	114,497	0	114,497
Virginia	1,086,943	1,248,044	1,010,857	237,187	1,248,044	1,010,857	237,187	0	0	0
Washington	2,442,002	650,831	190,363	460,468	415,186	61,050	354,136	235,845	129,313	106,333
West Virginia	15,808,199	28,374,120	22,526,694	5,847,436	27,600,627	22,526,694	5,073,943	773,493	0	773,493
Wisconsin	1,482,576	634,641	346,192	288,449	634,641	346,192	288,449	0	0	0
Wyoming	8,768,460	8,820,749	6,751,714	2,069,035	8,715,211	6,751,714	1,963,497	105,539	0	105,539
District of Columbia	228,375	75,926	27,405	48,521	65,971	27,405	38,566	9,955	0	9,955
	920,707	978,912	758,259	220,653	-	-	-	978,912	758,259	220,653

Notes: 2003 state fiscal years run from July 1, 2002 to June 30, 2003. General sales taxes do not apply to cigarettes in Colorado. In Alabama, Georgia and Missouri the sales tax base does not include the cigarette excise.

Table 2
Internet Cigarette Sales and Resulting State & Local Government Cigarette Excise and Sales Tax Revenue Losses by State
FY 2005, Assuming Internet Sales Account for 6 Percent of the Total Consumption

	Internet Cigarette Sales (Packs of 20)	State & Local Government Revenue Losses			State			Local		
		State & Local Total	Excise	Sales	Total	Excise	Sales	Total	Excise	Sales
United States	1,203,714,856	\$1,695,700,300	\$1,190,912,060	\$504,788,240	\$1,527,858,961	\$1,147,078,298	\$380,780,663	\$167,841,339	\$43,833,762	\$124,007,577
Alabama	10,872,371	7,988,130	2,452,329	5,535,801	5,078,503	1,793,941	3,284,562	2,909,626	658,388	2,251,239
Alaska	3,315,246	3,792,017	3,792,017	0	3,315,246	3,315,246	0	476,772	476,772	0
Arizona	31,004,992	52,141,600	36,585,891	15,555,736	48,229,363	36,585,891	11,643,473	3,912,263	0	3,912,263
Arkansas	7,920,180	5,401,894	2,907,038	2,494,857	4,750,810	2,494,857	2,255,953	651,084	0	651,084
California	139,752,609	190,370,898	121,584,770	68,786,128	174,592,623	121,584,770	53,007,854	15,778,274	0	15,778,274
Colorado	3,620,351	724,070	724,070	0	724,070	724,070	0	0	0	0
Connecticut	23,991,198	43,255,415	36,226,709	7,028,707	43,255,415	36,226,709	7,028,707	0	0	0
Delaware	891,388	213,933	213,933	0	213,933	213,933	0	0	0	0
Florida	42,619,861	26,035,243	14,448,133	11,587,110	25,628,640	14,448,133	11,180,507	406,603	0	406,603
Georgia	14,597,048	8,200,038	1,751,646	6,448,394	5,716,064	1,751,646	3,964,418	2,483,976	0	2,483,976
Hawaii	7,418,833	11,970,167	10,386,366	1,583,801	11,970,167	10,386,366	1,583,801	0	0	0
Idaho	2,433,592	1,115,055	681,406	433,649	1,115,055	681,406	433,649	0	0	0
Illinois	73,109,842	103,810,528	76,653,105	27,157,423	95,510,938	71,647,645	23,863,292	8,299,591	5,005,460	3,294,131
Indiana	24,837,534	40,171,595	13,784,832	6,286,763	20,071,595	13,784,832	6,286,763	0	0	0
Iowa	7,115,909	4,192,955	2,561,724	1,631,231	4,046,273	2,561,724	1,484,549	146,882	0	146,882
Kansas	11,352,409	12,798,042	8,968,403	3,829,638	11,984,043	8,968,403	3,015,640	813,998	0	813,998
Kentucky	6,182,133	1,636,929	185,464	1,451,465	1,636,852	185,464	1,451,388	76	0	76
Louisiana	13,202,414	13,385,269	4,752,869	8,632,400	8,866,709	4,752,869	4,113,840	4,518,560	0	4,518,560
Maine	7,430,906	9,470,219	7,430,906	2,039,313	9,470,219	7,430,906	2,039,313	0	0	0
Maryland	26,040,510	32,740,956	26,040,510	6,700,486	32,740,956	26,040,510	6,700,486	0	0	0
Massachusetts	42,210,435	75,648,316	63,737,756	11,910,560	75,648,316	63,737,756	11,910,560	0	0	0
Michigan	70,779,695	110,422,420	88,474,619	21,947,801	110,422,420	88,474,619	21,947,801	0	0	0
Minnesota	14,445,622	11,062,240	6,933,899	4,128,341	11,025,182	6,933,899	4,091,283	37,058	0	37,058
Mississippi	5,557,345	2,466,933	1,000,322	1,466,611	2,466,933	1,000,322	1,466,611	0	0	0
Missouri	12,972,313	7,565,105	2,654,665	4,910,439	5,537,557	2,205,293	3,332,264	2,027,547	449,372	1,578,175
Montana	639,962	115,193	115,193	0	115,193	115,193	0	0	0	0
Nebraska	4,690,130	3,433,151	1,953,273	1,480,001	3,203,273	1,953,150	1,250,123	229,878	0	229,878
Nevada	6,941,030	4,224,490	2,429,361	1,795,136	4,120,156	2,429,361	1,690,796	104,340	0	104,340
New Hampshire	2,963,998	1,541,279	1,541,279	0	1,541,279	1,541,279	0	0	0	0
New Jersey	60,257,487	109,357,814	90,386,230	18,971,584	109,357,814	90,386,230	18,971,584	0	0	0
New Mexico	9,551,427	12,132,906	8,691,799	3,441,107	11,459,717	8,691,799	2,767,918	673,189	0	673,189
New York	168,252,494	434,952,127	286,029,240	148,922,887	329,792,528	252,378,741	77,413,787	105,159,599	33,650,499	71,509,100
North Carolina	10,509,644	3,519,289	525,482	2,993,807	2,760,617	525,482	2,235,135	758,672	0	758,672
North Dakota	1,841,360	1,320,017	810,198	509,819	1,251,669	810,198	441,471	68,348	0	68,348
Ohio	46,043,279	39,419,323	25,528,500	13,890,823	37,030,784	25,323,804	11,706,980	2,388,540	204,697	2,183,843
Oklahoma	8,720,658	6,281,578	2,005,751	4,275,826	4,570,131	2,005,751	2,564,380	1,711,446	0	1,711,446
Oregon	17,970,458	23,002,187	23,002,187	0	23,002,187	23,002,187	0	0	0	0
Pennsylvania	70,859,496	91,443,863	70,859,496	20,584,367	90,978,247	70,859,496	20,118,751	465,616	0	465,616
Rhode Island	8,877,142	17,274,692	14,203,427	3,071,264	17,274,692	14,203,427	3,071,264	0	0	0
South Carolina	5,290,518	1,500,512	370,336	1,130,176	1,456,580	370,336	1,086,244	43,933	0	43,933
South Dakota	2,399,541	2,001,309	1,271,757	729,552	1,839,251	1,271,757	567,494	162,058	0	162,058
Tennessee	15,526,474	10,315,468	3,105,894	7,209,574	8,727,936	3,105,295	5,622,641	1,587,532	599	1,586,933
Texas	61,579,533	48,226,377	25,247,609	22,978,768	43,806,785	25,247,609	18,559,176	4,419,592	0	4,419,592
Utah	4,977,838	4,982,691	3,459,598	1,523,094	4,636,857	3,459,598	1,177,259	345,835	0	345,835
Vermont	3,775,371	5,508,368	4,492,692	1,015,676	5,508,368	4,492,692	1,015,676	0	0	0
Virginia	7,385,879	2,207,061	575,756	1,631,305	1,439,246	184,647	1,254,599	767,814	391,109	376,706
Washington	43,792,745	78,828,764	62,404,662	16,424,102	76,656,201	62,404,662	14,251,539	2,172,563	0	2,172,563
West Virginia	7,437,370	5,918,382	4,090,553	1,827,828	5,918,382	4,090,553	1,827,828	0	0	0
Wisconsin	24,930,516	26,249,995	19,196,497	7,053,498	25,890,206	19,196,497	6,693,709	359,789	0	359,789
Wyoming	1,828,907	1,607,641	1,097,344	510,296	1,502,941	1,097,344	405,596	104,700	0	104,700
District of Columbia	2,996,867	3,855,785	2,996,867	858,917	-	-	-	3,855,785	2,996,867	858,917

Notes: 2005 state fiscal years run from July 1, 2004 to June 30, 2005. General sales taxes do not apply to cigarettes in Colorado. In Alabama, Georgia and Missouri the sales tax base does not include the cigarette excise.

Table 3
Internet Cigarette Sales and Resulting State & Local Government Cigarette Excise and Sales Tax Revenue Losses by State
FY 2005, Assuming Internet Sales Account for 14 Percent of the Total Consumption

United States	Internet Cigarette Sales (Packs of 20)			State & Local Government Revenue Losses			State			Local		
	Sales	Excise	Total	Sales	Excise	Total	Sales	Excise	Total	Sales	Excise	Total
	2,808,667,997	\$2,778,794,806	\$1,177,839,228	\$3,565,004,243	\$2,676,516,029	\$888,488,214	\$391,629,791	\$102,278,778	\$289,351,014			
Alabama	18,638,969	5,722,100	12,916,868	11,849,841	4,185,863	7,663,978	6,789,128	1,536,238	5,252,891			
Alaska	8,848,041	8,848,041	0	7,735,573	7,735,573	0	1,112,467	1,112,467	0			
Arizona	121,663,794	85,367,078	36,296,716	112,535,181	85,367,078	27,168,103	9,128,613	0	9,128,613			
Arkansas	12,604,420	5,821,332	6,783,088	11,085,223	5,821,332	5,263,891	1,519,197	0	1,519,197			
California	326,089,421	444,198,761	283,697,796	407,382,788	283,697,796	123,684,992	36,815,973	0	36,815,973			
Colorado	8,447,487	1,689,497	1,689,497	1,689,497	1,689,497	0	0	0	0			
Connecticut	55,979,462	100,929,302	84,528,987	100,929,302	84,528,987	16,400,315	0	0	0			
Delaware	2,079,906	499,178	0	499,178	499,178	0	0	0	0			
Florida	99,446,343	60,748,901	27,036,591	59,800,161	33,712,310	26,087,850	948,740	0	948,740			
Georgia	34,059,779	19,133,425	15,046,252	13,337,482	4,087,174	9,250,308	5,795,943	0	5,795,943			
Hawaii	17,310,610	27,930,389	24,234,854	27,930,389	24,234,854	3,695,535	0	0	0			
Idaho	5,678,382	2,601,796	1,589,947	2,601,796	1,589,947	1,011,848	0	0	0			
Illinois	170,589,632	242,224,566	178,857,245	222,858,855	167,177,839	55,681,016	19,365,712	11,679,406	7,686,305			
Indiana	57,954,247	46,833,721	14,669,114	46,833,721	32,164,607	14,669,114	0	0	0			
Iowa	16,603,767	9,783,562	5,977,356	9,441,304	5,977,356	3,463,948	342,258	0	342,258			
Kansas	26,488,955	29,862,097	20,926,275	27,962,768	20,926,275	7,036,493	1,899,329	0	1,899,329			
Kentucky	14,424,977	3,819,500	432,749	3,819,322	432,749	3,386,573	178	0	178			
Louisiana	30,805,632	31,232,295	11,090,028	20,688,987	11,090,028	9,598,960	10,543,307	0	10,543,307			
Maine	17,338,781	22,097,177	17,338,781	22,097,177	17,338,781	4,758,397	0	0	0			
Maryland	98,491,014	176,512,738	148,721,431	176,512,738	148,721,431	15,634,468	0	0	0			
Massachusetts	165,152,622	257,652,313	206,440,778	257,652,313	206,440,778	51,211,535	0	0	0			
Michigan	33,706,451	25,811,893	16,179,097	25,725,424	16,179,097	9,546,328	86,469	0	86,469			
Minnesota	12,967,138	5,756,177	2,334,085	5,756,177	2,334,085	3,422,092	0	0	0			
Mississippi	30,268,730	17,651,911	11,457,691	12,920,967	5,145,684	7,775,283	4,730,944	1,048,535	3,682,408			
Missouri	1,493,245	268,784	0	268,784	268,784	0	0	0	0			
Montana	10,943,637	8,010,686	3,453,335	7,474,304	4,557,350	2,916,954	536,382	0	536,382			
Nebraska	16,195,737	9,857,158	5,668,508	9,613,698	5,668,508	3,945,190	243,460	0	243,460			
Nevada	6,915,996	3,596,318	0	3,596,318	3,596,318	0	0	0	0			
New Hampshire	140,600,803	255,168,233	210,901,204	255,168,233	210,901,204	44,267,029	0	0	0			
New Jersey	22,286,664	28,310,113	20,280,864	26,739,339	20,280,864	6,458,475	1,570,774	0	1,570,774			
New Mexico	392,589,153	1,014,888,295	667,401,560	769,515,899	588,883,729	180,632,170	245,372,397	78,517,831	166,854,566			
North Carolina	24,522,502	8,211,674	1,226,125	6,441,440	1,226,125	5,215,315	1,770,234	0	1,770,234			
North Dakota	4,296,506	3,080,040	1,890,463	2,920,561	1,890,463	1,030,098	159,479	0	159,479			
Ohio	107,434,319	91,978,421	59,566,501	86,405,162	59,088,875	27,316,287	5,573,259	477,626	5,095,633			
Oklahoma	41,931,069	53,671,769	53,671,769	53,671,769	53,671,769	5,983,553	3,993,375	0	3,993,375			
Oregon	165,338,825	213,369,014	165,338,825	212,282,577	165,338,825	46,943,752	1,066,437	0	1,066,437			
Pennsylvania	20,713,331	40,307,614	33,141,330	40,307,614	33,141,330	7,166,283	0	0	0			
Rhode Island	12,344,541	3,501,196	864,118	3,398,686	864,118	2,534,568	102,509	0	102,509			
South Carolina	5,598,930	4,669,721	2,967,433	4,291,585	2,967,433	1,324,152	378,136	0	378,136			
South Dakota	36,228,439	24,069,425	7,247,086	20,366,184	7,245,688	13,119,496	3,704,241	1,398	3,702,843			
Tennessee	143,685,577	112,528,213	58,911,087	102,215,831	58,911,087	43,304,745	10,312,382	0	10,312,382			
Texas	11,614,956	11,626,280	8,072,395	3,553,885	10,819,332	2,746,937	806,948	0	806,948			
Utah	8,809,199	12,852,858	10,482,947	12,852,858	10,482,947	2,369,910	0	0	0			
Vermont	17,233,718	5,149,808	1,343,430	3,358,241	430,843	2,927,398	1,791,567	912,587	878,980			
Virginia	102,183,073	183,933,782	145,610,879	178,864,469	145,610,879	33,253,590	5,069,314	0	5,069,314			
Washington	17,353,863	13,809,558	9,544,625	13,809,558	9,544,625	4,264,933	0	0	0			
West Virginia	58,171,204	61,249,988	44,791,827	60,410,481	44,791,827	15,618,653	839,507	0	839,507			
Wisconsin	8,447,487	1,190,692	2,560,470	3,506,861	2,560,470	946,392	244,300	0	244,300			
Wyoming	6,992,690	8,996,831	2,004,141	6,992,690	2,004,141	-	8,996,831	6,992,690	2,004,141			

Notes: 2005 state fiscal years run from July 1, 2004 to June 30, 2005. General sales taxes do not apply to cigarettes in Colorado. In Alabama, Georgia and Missouri the sales tax base does not include the cigarette excise.