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Cigarette and Vaping Taxes

State and local governments levy taxes on various tobacco products, including cigarettes, chewing and smokeless tobacco (often referred to as "[other tobacco products](#)"), and e-cigarettes and related vaping products. Different tobacco products are taxed in different ways: cigarettes are taxed per pack, other tobacco products are typically taxed as a percentage of price, and vaping products are taxed either per ounce of vaping liquid or as a percentage of price (depending on the product and the state).

All tobacco-related taxes are collected from the producer or seller of the product during the wholesale transaction and not by the retailer. However, it is assumed that the tax is included in the final purchase price and thus passed on to consumers.

These taxes are sometimes called corrective or "[sin taxes](#)" because, unlike a [general sales tax](#), they are used in part to discourage the use of tobacco (or vaping) because the choice to use it [has costs](#) both to the user and other people (such as increased health care costs). State and local governments tax [alcohol](#), and have begun taxing [marijuana](#) and [soda](#), in a similar way.

- [How much revenue do state and local governments raise from taxes on cigarettes and vaping?](#)

- [How much do cigarette tax rates differ across states?](#)
- [How much do vaping tax rates differ across states?](#)
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How much revenue do state and local governments raise from taxes on cigarettes and vaping?

State and local governments collected \$19 billion in revenue from tobacco taxes in 2019, which was 0.6 percent of state and local general revenue. State taxes accounted for 98 percent of tobacco tax revenue in 2019.

The Census Bureau does not break out tax revenue from different tobacco products, but tobacco tax revenue largely comes from taxes on cigarettes. For example, a report from the [North Carolina Department of Revenue](#) found that in fiscal year 2020, cigarette tax revenue accounted for 81 percent of the state's tobacco-related tax revenue.

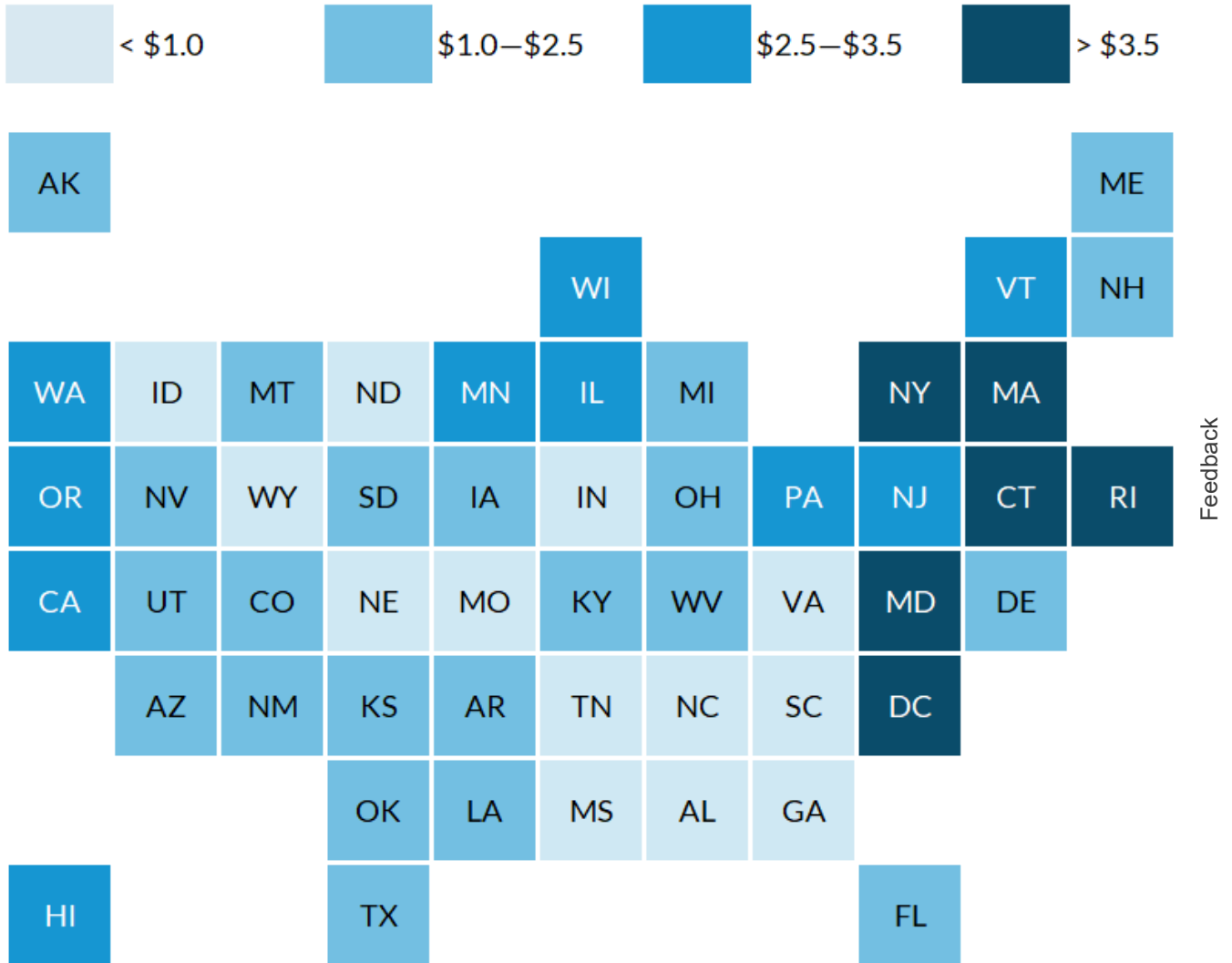
And even though the popularity of vaping has increased in recent years, the resulting tax revenue is still relatively small compared with tax revenue from cigarettes. In [North Carolina](#), which has levied a tax on vaping products since 2015, taxes on vaping products produced \$5.3 million in fiscal year 2020, or 2 percent of the state's tobacco-related revenue. A [2019 State Tax Actions survey from the National Conference of State Legislatures](#) found revenue estimates for new state vaping taxes ranged from \$1 million to \$10 million annually.

How much do cigarette tax rates differ across states?

All states and the District of Columbia tax cigarettes, but [rates vary significantly](#). Missouri imposes the lowest state cigarette tax rate at just \$0.17 per pack, while the District of Columbia has the highest state-level rate at \$4.50 per pack. Connecticut, New York, and Rhode Island also have state cigarette tax rates above \$4 a pack. In contrast, Georgia, Missouri, North Carolina, and North Dakota all have state cigarette tax rates below \$0.50 per pack.

State Cigarette Tax Rates

Dollars per pack, as of January 2022



Source: Federation of Tax Administrators (FTA), Tax Rates (as of January 1, 2022).

Notes: Tax rates do not include local taxes. Counties and cities may impose an additional tax on a pack of cigarettes. Florida's rate includes a surcharge of \$1 per pack. Dealers pay an additional enforcement and administrative fee of 0.05¢ in Tennessee. The District of Columbia and Minnesota impose an additional in-lieu cigarette sales tax.

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Data: [View and download each state's cigarette tax rate](#)

The cigarette tax rate paid by consumers are higher in some states when [local taxes are included](#), though. For example, Illinois's state tax rate is \$2.98 per pack but the consumer pays \$7.16 per pack when taxes the city of Chicago (\$1.18) and Cook County (\$3.00) are included.

In total, nine states allow local governments to levy an additional tax on cigarettes: Alabama, Alaska, Colorado, Illinois, Missouri, New York, Ohio, Pennsylvania, and

Virginia. Local tax rates range from 1 cent per pack in some [Alabama localities](#) to \$4.18 per pack in Chicago, Illinois ([city tax plus county tax](#)). New York City's cigarette tax is \$1.50 per pack, which when added to the state's tax, creates a \$5.85 per pack tax for the consumer. According to the [Campaign for Tobacco Free Kids](#), nearly 650 localities across these states levy cigarette taxes.

All states also levy taxes on non-cigarette tobacco products such as chewing tobacco. Most state tax "[other tobacco products](#)" as a percentage of price, ranging from 5 percent of the manufacturer's price in South Carolina to 95 percent of the wholesale price in Minnesota. However, a few states levy a per ounce tax on products like snuff and chewing tobacco.

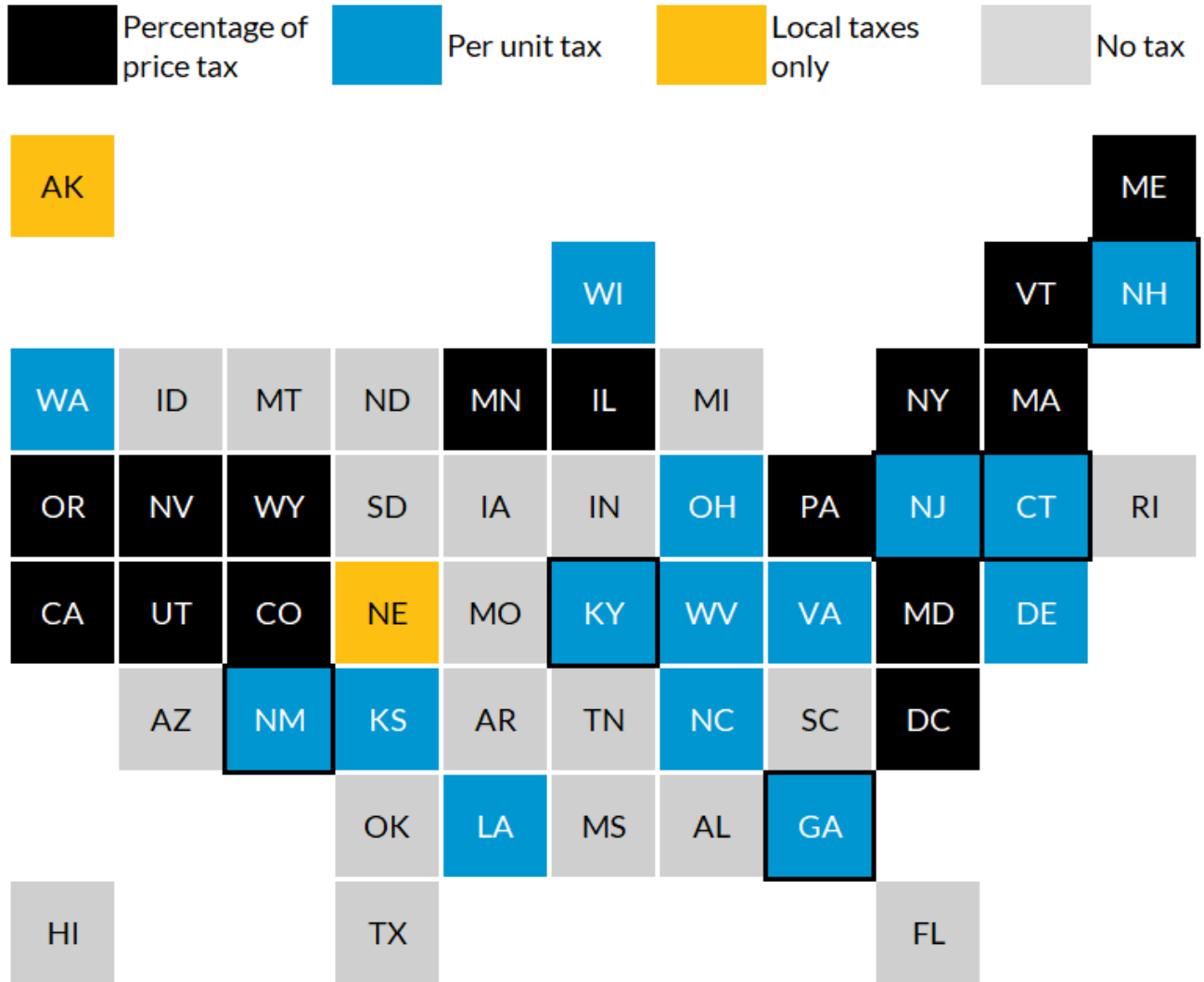
How much do vaping tax rates differ across states?

In the past few years, many states and localities have added taxes on e-cigarettes and vaping products. As of January 2022, [29 states and the District of Columbia](#) tax these products. [Indiana](#) will begin taxing vaping products in July 2022. Additionally, there are local taxes on vaping, but no state tax, in Alaska and Nebraska.

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Vaping Taxes by State

Type of tax, as of January 2022



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Source: "State Excise Tax Rates for Non-Cigarette Tobacco Products," Campaign for Tobacco-Free Kids / Ann Boonn. January 2022 (accessed on January 27, 2022).

Note: Connecticut, Georgia, Kentucky, New Hampshire, New Jersey, and New Mexico use both percentage of price and per unit taxes on vaping products.

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Twenty states and the District of Columbia levy a percentage of price tax on vaping products, ranging from 7 percent in Georgia to 95 percent in Minnesota. Many of these states tax vaping products this way by adding them to their state's existing definition of "other tobacco products." As a result, vaping products are taxed at the same rate as other tobacco products in these states.

Fifteen states levy a per unit tax on vaping products. Most of these state taxes are based on the liquid that delivers nicotine to the smoker. These tax rates range from 5 cents per milliliter (in six states) to 40 cents per milliliter in Connecticut.

However, Connecticut, Georgia, Kentucky, New Hampshire, New Jersey, and New Mexico levy a per-cartridge tax on [certain vaping products](#). All of these states levy their per-cartridge tax on "closed" vaping products, which are products prefilled with liquid. For example, the company JUUL makes closed vaping products, which anti-vaping advocates argue targets young people. These states all then levy a separate percentage of price tax on "open" vaping products, where the liquid is filled by the user. For example, [Kentucky](#) levies a \$1.50 per cartridge tax on "closed" products and a 15 percent of wholesale price tax on "open" products. Similarly, Maryland also levies different percentage of price taxes on "open" and "closed" products, with a higher rate on vaping liquid sold in containers smaller than 5 ml.

Interactive data tools

[State and Local Finance Data: Exploring the Census of Governments](#)

[State Fiscal Briefs](#)

Further reading

[Are States Betting on Sin? The Murky Future of State Taxation](#)

Lucy Dadayan (2019)

[Critical Value Podcast: #46 Sin Taxes Are Sweeping the States!](#)

Richard Auxier and Lucy Dadayan (2020)

[Should We Tax Internalities Like Externalities?](#)

Donald Marron (2015)

[How Should Governments Use Revenue from Corrective Taxes?](#)

Adele C. Morris and Donald Marron (2016)

[States should answer a few questions before taxing e-cigarettes](#)

Richard C. Auxier (2016)

Note

All revenue data are from the US Census Bureau's Annual Survey of State Government Tax Collections. All dates in sections about revenue reference the fiscal year unless stated otherwise.

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