State Smokeless Tobacco Product Taxation Laws, Selected Years 2005-2014

Introduction

Smokeless tobacco is a non-combustible, smokeless product that contains tobacco and is ingested through the mouth. Unlike combustible tobacco products that are inhaled, smokeless tobacco products are generally chewed or held in the mouth or nose for periods of time. Smokeless tobacco is sold in tins, small containers or pouches.

This fact sheet documents the variability in smokeless tobacco taxation across the 50 states and the District of Columbia, as of January 1 for selected years between 2005 and 2014. Data on state smokeless tobacco tax rates were compiled through primary legal research into each state’s statutory and administrative codes, using the commercial legal research services, LexisNexis and Westlaw. The data were verified through secondary sources, and in some cases through telephone or email consultation with given state Department of Revenue officials.

A companion chartbook and complete data files listing the smokeless tobacco product tax rates from January 1, 2005 through January 1, 2014 in all 50 states and Washington, D.C. is available through the Tobacconomics website.

Key Findings

As of January 1, 2014, smokeless tobacco was taxed in 49 states and Washington, D.C. (hereafter referred to as “states”).

Ad Valorem Excise Taxes on Smokeless Tobacco

- As of January 1, 2014, state ad valorem tax rates on smokeless tobacco ranged from 5% of manufacturer’s price (in South Carolina) to 210% of the purchase price of the licensee (in Massachusetts).
- The mean ad valorem smokeless tobacco tax rate increased from 31.07% in 2005 (in 44 states) to 45.87% in 2014 (in 43 states).

Specific Excise Taxes on Smokeless Tobacco

- As of January 1, 2014, specific taxes on smokeless tobacco ranged from $0.02 per ounce (in Alabama) to $2.02 per ounce (in Maine).
- The mean specific smokeless tobacco tax rate increased from $0.10 per ounce in 2005 (in 3 states) to $0.63 per ounce in 2014 (in 7 states).
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<td>$0.223/oz</td>
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<td>27.5% WSP</td>
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<td>ME</td>
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<td>62% WSP</td>
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<td>15% WP</td>
<td>15% WP</td>
<td>30% WP</td>
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<td>W/ OTP</td>
<td>Smokeless</td>
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<td>90% PPL</td>
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<td>15% MLP</td>
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# State Smokeless Taxation Laws, Selected Years 2005-2014

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<td>NH</td>
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<td>NC</td>
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<td>W/ OTP</td>
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<td>2% CP</td>
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<td>ND</td>
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<td>$0.16/oz</td>
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<td>17% WP</td>
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<td>Smokeless</td>
<td>60% FLP</td>
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<td>60% FLP</td>
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<td>65% WSP</td>
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<td>SD</td>
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<td>W/ OTP</td>
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<td>35% WPP</td>
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<td>TN</td>
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<td>W/ OTP</td>
<td>W/ OTP</td>
<td>6.6% WCP</td>
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<td>$1.13/oz</td>
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<td>20% WPP</td>
<td>20% WPP</td>
<td>20% WPP</td>
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| W/ OTP (With other tobacco products); Std. Al. (Stand-alone definition/taxation); CP (Cost Price); FLP (Factory List Price); MIP (Manufacturer’s Invoice Price); MLP (Manufacturer’s List Price); MP (Manufacturer’s Price); MSP (Manufacturer’s Sales Price); oz (ounce); PPL (Price Paid by Licensee/Unclassified Acquirer); PV (Product Value); PP (Purchase Price); TSP (Taxable Sales Price); WC (Wholesale Cost); WCP (Wholesale Cost Price); WPP (Wholesale Purchase Price); WSP (Wholesale Sales Price); WP (Wholesale Price)