

## November 6, 2018 AVON BALLOT QUESTION – BALLOT ISSUE 2B

### Tax Increase on the Sale of Tobacco and Nicotine Products

In August 2018, the Avon Town Council approved Ordinance 18-08, which raised the legal age to purchase tobacco products in Avon from 18 to 21 years of age and created a local tobacco sales license for the Town of Avon. The Town Council also took action to refer a tax measure on cigarettes, tobacco and nicotine products, which is **Ballot Issue 2B – Tax Increase on the Sale of Tobacco and Nicotine Products**. If passed, Ballot Issue 2B would impose a \$3 per pack local tax on cigarettes and a 40% local tax on the sale of other nicotine products.

In accordance with Colorado Revised Statute 39-22-623, the Town has forfeited its share of state cigarette tax revenues of approximately \$42,000 per year regardless of the outcome of the November 6, 2018 election. The Town estimates that it may collect as much as \$600,000 for the local tobacco and nicotine tax in the first year if Ballot Issue 2B passes. The local tobacco

and nicotine tax revenues would go to the Town's General Fund in the same manner as the Town's share of the state cigarette tax revenues.

Nationwide, the average state cigarette tax is \$1.78 per pack. Colorado state cigarette tax is \$0.84 per pack and Colorado ranks 39<sup>th</sup> for cigarette taxation. Washington DC is ranked 1<sup>st</sup> (highest) with \$4.50 tax per pack and Missouri is ranked 50<sup>th</sup> (lowest) with \$0.17 tax per pack.

In November 2017, Aspen voters approved a new cigarette sales tax that starts at \$3 per pack (which increases by \$0.10 per year up to a maximum of \$4.00 per pack for cigarettes) and a 40% sales tax on all other tobacco products. Aspen voters approved the local cigarette tax by 74.2% in favor to 25.8% against. In April 2018, Basalt voters approved a cigarette tax of \$2.00 per pack and a 40% tax on other tobacco products.

Aspen ranks 19<sup>th</sup> nationwide among cities with the highest cigarette tax. Basalt ranks 28<sup>th</sup> nationwide. Avon would rank the same as Aspen with a \$3 per pack cigarette tax and a combined local and state cigarette tax of \$3.84 per pack.

### Argument FOR ballot question:

1) Tobacco use is the leading cause of death in the United States and reduces worker productivity. 2) One of the best ways to improve the health and productivity of Town residents is to reduce smoking by increasing tobacco product prices. 3) Based on a comprehensive review of evidence, the Surgeon General has called raising prices on cigarettes “one of the most effective tobacco control interventions” because increasing price is proven to reduce smoking, especially among kids.<sup>i</sup>

### Argument AGAINST ballot question:

1) A tax increase on the sale of cigarettes and other tobacco products is regressive and disproportionately burdens lower-and-middle income people.<sup>ii</sup> 2) This new tax could have an impact on retailers of cigarettes and other tobacco products. If this ballot measure is approved, many people may decide to travel outside the Town to buy their tobacco products, and they may decide to make other purchases out of Town as well, thereby hurting local businesses. 3) Taxes are already high enough.

**Ballot Issue 2B – Tax Increase on the Sale of Tobacco and Nicotine Products:**

**SHALL TOWN TAXES BE INCREASED BY UP TO \$600,000 IN 2019 AND BY SUCH AMOUNTS AS MAY BE GENERATED ANNUALLY THEREAFTER BY THE IMPOSITION OF NEW TAXES AS FOLLOWS:**

**BEGINNING JANUARY 1, 2019, THERE SHALL BE A NEW TAX OF FIFTEEN CENTS PER CIGARETTE OR THREE DOLLARS PER PACK OF TWENTY CIGARETTES SOLD;**

**BEGINNING JANUARY 1, 2019, THERE SHALL BE A NEW SALES TAX OF 40% ON THE SALES PRICE OF ALL OTHER TOBACCO AND NICOTINE PRODUCTS;**

**THE TERMS “CIGARETTES” AND “TOBACCO PRODUCTS” HAVE THE SAME MEANINGS AS IN SECTION 5.10.030 OF THE AVON MUNICIPAL CODE;**

**AND THAT THE TOWN MAY COLLECT, RETAIN AND EXPEND ALL OF THE REVENUES OF SUCH TAXES AND THE EARNINGS THEREON, NOTWITHSTANDING THE LIMITATION OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?**

**When is the election and how can I vote?**

The election is November 6, 2018. Ballots will be mailed out from the Eagle County Clerk & Recorder on October 15, 2018. This is a mail-in ballot only. The deadline to return a voted ballot is November 6, 2018, by 7:00 p.m. Ballots may be mailed or dropped off at Avon Town Hall or other locations in Eagle County. The ballot is posted on the Eagle County Clerk & Recorder’s webpage at [www.eaglecounty.us/clerk/](http://www.eaglecounty.us/clerk/), under “Upcoming Elections.” Register to vote online at [www.govotecolorado.com](http://www.govotecolorado.com). If you are currently registered to vote in Colorado, you may make changes to your voter registration online.

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<sup>i</sup> U.S. Department of Health and Human Services (HHS), The Health Consequences of Smoking: 50 Years of Progress. A Report of the Surgeon General, Atlanta, GA: HHS, Centers for Disease Control and Prevention (CDC), National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014. <http://www.surgeongeneral.gov/library/reports/50-years-of-progress/index.html>

<sup>ii</sup> Poor Smokers, Poor Quitters, and Cigarette Tax Regressivity <http://www.heartland.org/policybot/results/19564/> Dr. Dahlia Remler, with the Department of Health Policy and Management at Columbia University, rebuts the argument that cigarette taxes are not regressive.