**Fiscal Facts: Cigarette Sales Go Up in Smoke**

Legal sales of cigarettes have plummeted in recent years, meaning Wisconsin state government is receiving much less in revenue from cigarette taxes. The decline in smoking likely provides net benefits to the state overall, however, including better health for its residents and lower Medicaid costs.

In 2022, just under 193 million packs of cigarettes were legally sold in Wisconsin, figures from the Wisconsin Department of Revenue (DOR) show. That represents fewer than half of the total packs sold legally in 2001, which were just under 420 million.

There are many likely causes for this decline. Some potential contributors in Wisconsin were the multiple, significant cigarette tax rate increases the state enacted in 2002, 2008, and 2009 -- as well as a broad ban on smoking in indoor spaces approved by lawmakers in 2010.

Another potential factor is that some consumers are switching from cigarettes to various substitute products such as vaping devices. In 2019, Wisconsin implemented a five-cent tax per milliliter of vapor product liquid. After generating $1.6 million in revenue in fiscal 2021, in 2022 the state will receive $4.1 million from vapor product taxes, suggesting an increase in purchases of legal vaping products.

The implications of this decline are wide ranging. For the state of Wisconsin, which relies more on cigarette taxes than do most states, it means less tax revenue. In fiscal year 2010, the cigarette tax generated $644.3 million, or 4.3% of state taxes, compared to $482.4 million collected, or 2.0% of all state taxes, in fiscal 2022.

But most other impacts will likely benefit the state: fewer smokers mean lower rates of disability and diseases like cancer, heart disease, and lung disease, as well as lower public and private health care costs.

The rapid decline in cigarette smoking in Wisconsin represents one of the most notable public health changes for its residents in the past two decades. The lessons from this shift are worth considering as the state mulls both the continued impact of smoking in the state as well as other potential public health issues such as excessive drinking or vaping.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at* [*wispolicyforum.org*](https://wispolicyforum.org/research/state-tax-burden-up-but-overall-burden-still-falling/)*.*