

Contact: Craig Fishel
(336) 741-1674

RJRT 2006-19

Tax Freedom Day? Not for Adult Smokers

WINSTON-SALEM, N.C., April 26, 2006 — For most Americans, today is “Tax Freedom Day” — the day workers stop toiling for the government and start collecting a paycheck for themselves. But for the 42 million adults who choose to smoke in this country, Tax Freedom Day is nothing but a pipe dream.

Adult smokers are paying 500 percent more in cigarette taxes today than 10 years ago as “Big Government” is increasingly reliant on cigarette revenue to balance budgets and pay for pork barrel projects. By comparison, the Consumer Price Index has only increased 29 percent during the same timeframe.

“Smokers are paying skyrocketing cigarette taxes, and the hypocrisy with which politicians extract money from these hard-working Americans is without rival,” said Tommy Payne, executive vice president for R.J. Reynolds Tobacco Company. “On one hand, politicians say they want to raise taxes to protect smokers from their own decisions and get them to quit.

“On the other hand, government makes far more from each pack of cigarettes sold, approximately 48 percent of each pack, than any manufacturer, wholesaler or retailer,” Payne continued. “It begs the question of whether Big Government can afford for adults to stop smoking.”

Payne notes that many politicians who support increased cigarette taxes are elected on no-tax-hike pledges or by promising to help decrease the tax burden for the poor and middle-class.

“Too many pledges and promises are conveniently forgotten when it comes to taxing smokers,” he said. “And, contrary to the ‘for the good of public health’ positioning, Big Government’s track record demonstrates that far too often, money generated from these regressive taxes on smokers just go to feed government overspending and pet projects.”

Since 1998 adult smokers have paid \$160 billion in cigarette taxes, which equals payments to the government of about \$61,000 a minute.

“Today is the perfect opportunity to have an honest debate about the real reasons for Big Government’s addiction to cigarette revenue,” Payne continued, “because all Americans – not just non-smokers – deserve to enjoy Tax Freedom Day.”

R.J. Reynolds Tobacco Company, an indirect subsidiary of Reynolds American Inc. (NYSE: RAI), is the second-largest tobacco company in the United States, manufacturing about one of every three cigarettes sold in the country. The company’s brands include five of the 10 best-selling U.S. cigarette brands: Camel, Kool, Winston, Salem and Doral. For more information, visit www.RJRT.com.

###