



MICHIGAN REPORT

MACKINAC CENTER ESTIMATES OVER 34 PERCENT OF TOTAL CIGARETTES SMUGGLED

In a report released Tuesday, the Mackinac Center for Public Policy released a report which said 34.4 percent of total cigarettes consumed in Michigan in 2006 were smuggled from out of state.

The group blames the \$2 cigarette tax rate for the high rate of smuggling, according to Michael LaFaive, Mackinac Center director of fiscal policy, who co-authored the study.

"Lansing politicians should be wary of practicing prohibition by price," Mr. LaFaive said. "Cigarette taxes may reduce smoking somewhat and they may raise tax revenues, but they can also yield consequences similar to our failed experiment with liquor prohibition - smuggling, illicit consumption, adulterated products and violence against police and civilians alike."

Department of Treasury spokesperson Terry Stanton said the department doesn't have an estimate of revenue lost based on potential smuggling, but believes the incidence of one in three seems high.

"The department is working closely with state police to evaluate enforcement efforts where this issue is concerned," Mr. Stanton said.