

Funding Options for TFIC's Proposed Exit Strategy

A fair and final exit strategy for Canadian tobacco farmers need not be funded from the current annual \$9 billion in taxes collected by federal and provincial governments. Here are several options:

1. Tap into tobacco control revenues – Federal Tobacco Control Strategy II 2006/07 – 2011 (bringing Agriculture to the tobacco control table as a partner)
2. Introduce a per carton federal tax increase on cigarettes, earmarked to fund exit strategy activities.
3. Recover more of the \$1.5 billion in taxes lost each year to contraband sales through improved enforcement. \$100 million per year over 10 years to fund the proposed exit strategy amounts to considerably less than one year's lost taxes.
4. Revise taxation system to levy tax earlier in the production process (e.g. all filters and cigarette tubes be taxed at the manufacturer level before delivery to cigarette companies), establishing a level tax playing field for all (legal and illegal) cigarette manufacturers and capturing more taxes on end products.
5. Levy a tax on manufacturers to fund exit strategy for farmers as was done in the U.S.*
6. Impose an additional surtax on cigarette companies' profits.

**A levy collected from manufacturers and importers of tobacco products was used in the U.S. to compensate quota owners and permanently "retire" all tobacco quotas over a 10-year period*