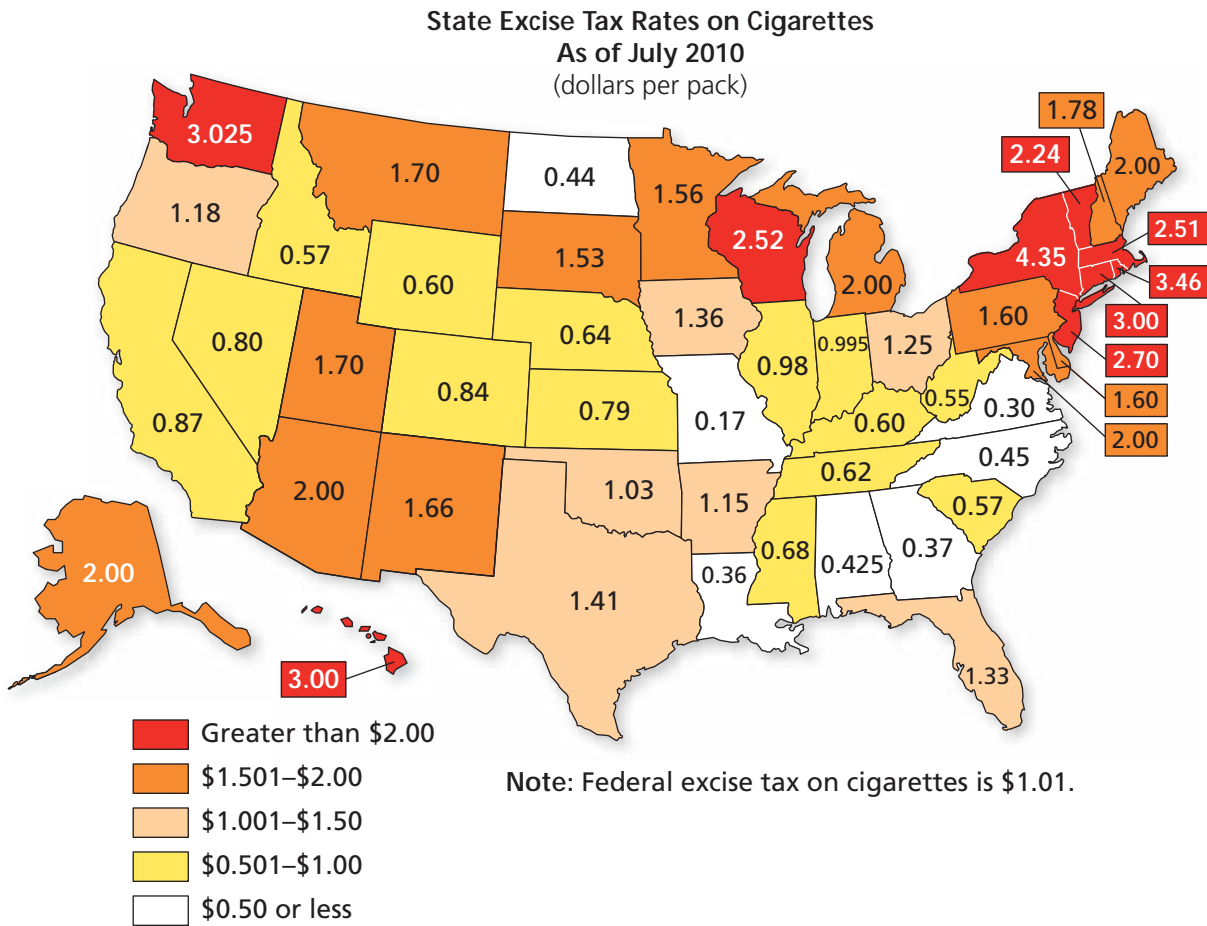


Section 2.3

17. **Nonexempt** In many places, cigarettes are exempt from sales tax. However, some tax jurisdictions charge sales tax on cigarettes in addition to an excise tax. For instance, retailers in Colorado charge a 2.9% state sales tax on cigarettes. What is the sales tax on a \$5.50 pack of cigarettes in Colorado?
18. **Sales Tax Rate** A convenience store charges \$5.75 for a pack of cigarettes. The sales receipt shows that you paid a total of \$5.98 including \$0.23 in sales tax. Find the sales tax rate.

**Cigarettes** In Exercises 19–22, use the information in the map.



19. A customer buys four packs of cigarettes in Tennessee. How much does the customer pay in federal and state excise taxes?
20. In Connecticut, a customer purchases 2 packs of cigarettes for \$11.50. What percent of the cost is allocated to federal and state excise taxes?
21. How is an excise tax different from a value-added tax?
22. In 1995, the federal excise tax on a pack of cigarettes was \$0.24.
  - a. Use a percent to describe the change in the federal excise tax from 1995 to 2010.
  - b. How might the government justify the increase?