

## **Military Tobacco Sales and Pricing Timeline (1980–2025)**

In spite of all the well-documented dangers of smoking cigarettes—including cancer, heart disease, and chronic lung illness—the United States military continues to this day to sell discounted cigarettes on its installations. These products remain available in commissaries and exchanges at prices often below those found in surrounding civilian markets, largely due to long-standing tax exemptions and policy exceptions.

### **Overview**

Since at least the early 1980s, tobacco products sold on U.S. military bases have benefited from exemptions to state and local taxes, and sometimes from federal excise taxes in overseas facilities. This exemption, combined with pricing policies that historically favored low costs for service members, has resulted in a persistent price gap between military and civilian retail tobacco prices.

### **Timeline of Key Developments (1980–2025)**

- 1980s: Cigarettes sold in U.S. military commissaries and exchanges are tax-exempt. Average U.S. retail price for a pack was approximately \$0.80–\$1.00. Overseas bases often excluded federal excise taxes entirely, making tobacco even cheaper.
- Mid-1980s: Initial health campaigns within DoD begin, but efforts to raise on-base cigarette prices meet strong resistance. Cigarettes remain inexpensive relative to civilian stores.
- 1990s: By the early 1990s, civilian cigarette prices rise to about \$1.50–\$2.00 per pack due to state and federal tax hikes. On-base prices continue to lag behind civilian averages.
- 1998: The Master Settlement Agreement between tobacco companies and 46 U.S. states increases civilian cigarette costs. However, commissaries and exchanges continue selling at tax-free or reduced rates.
- 2000: The Department of Defense issues pricing policy requiring exchange cigarette prices to be no more than 5% below the most competitive local price (DoDI 1330.09). Enforcement is inconsistent.
- 2000s: Despite policy limits, studies show on-base prices average 10–13% lower than nearby stores—about \$0.80 less per pack. Civilian prices climb to around \$4–\$5 per pack by 2009.
- 2010s: Average U.S. retail cigarette prices surpass \$6 per pack by 2015–2019, driven by state and federal tax increases. On-base pricing remains below local rates despite policy caps.
- 2020s: Civilian prices range from \$7–\$8 per pack nationally, varying by state. DoD tobacco sales continue with tax advantages, though some bases have implemented stricter tobacco-control policies.

### Estimated Civilian vs. Military Cigarette Prices

Period	Avg. Civilian Price (per pack)	Est. On-Base Price (per pack)
1980s	\$0.80 – \$1.00	\$0.60 – \$0.80
1990s	\$1.50 – \$2.15	\$1.20 – \$1.90
2000s	\$3.50 – \$5.00	\$3.00 – \$4.20
2010s	\$6.00 – \$6.75	\$5.25 – \$6.00
2020s	\$7.00 – \$8.00	\$6.00 – \$7.20

### References

- U.S. Government Accountability Office (GAO) Reports on Commissary Operations (1980–2000)
- Department of Defense Instruction (DoDI) 1330.09, 'Armed Services Exchange Policy'
- Centers for Disease Control and Prevention (CDC) Cigarette Price and Tax Data (1980–2025)
- Journal of the American Medical Association (JAMA) studies on Military Exchange Tobacco Pricing (2011–2013)
- Public Health Law Center: 'Tobacco Pricing and Military Policy Analysis' (2015)
- PMC and NIH studies on DoD Tobacco Pricing and Policy Compliance (2018–2022)