



NEWS

AMERICANS FOR TAX REFORM

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Proposition 86 Fact of the Day: Tax Increase Will Prove Fatal to California's Economy

On November 7th, California voters will be faced with yet another tax increase on the ballot. Prop 86 will increase the California tobacco tax by \$2.60 per pack, bringing the average cost of a pack of cigarettes to \$4.00- \$6.55.

Years of unbridled spending has created a fiscal mess in the Golden State.

According to the nonpartisan Legislative Analyst's Office, California will see a budget shortfall of nearly \$4 billion in 2007-2008 and nearly \$5 billion in 2008-2009.*

Proponents of Prop 86 estimate revenue generated from the new tax on tobacco would amount \$2.1 billion to create a new spending mandate, the Tobacco Tax of 2006 Trust Fund. However, experts agree that over time the money raised by the tax will decline, while the demand to continue funding Prop 86 programs will remain the same.

Before creating a new spending bureaucracy, California needs to get its fiscal house in order to avoid a worse deficit or future tax increases.

Vote No on November 7th!

* Saunders, Debra J., "Designer Prices, Not Designer Government." San Francisco Chronicle, 8 Oct 2006
<http://www.sfgate.com/cgi-bin/article.cgi?file=/c/a/2006/10/08/EDGMQKEILB1.DTL>

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact John Kartch at (202) 785-0266 or at jkartch@atr.org.