



AMERICANS *for* TAX REFORM

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March 28, 2008

Dear Legislator,

As the budget discussion continues to heat up in coming days, I write to urge you to stand up for New York taxpayers and reject the calls for higher taxes. **In light of the estimated “hole” in the budget caused by state government overspending, it is especially important that you slim down spending rather than place a higher burden on the backs of New Yorkers.**

The two major tax increase proposals that are being discussed are worrisome to say the least. Proponents of the so-called “tax on the rich” fail to realize that *any* tax increase takes money out of the private economy and productive use, threatening to slow the state economy. The idea of taxing the rich to feed the poor is a misnomer that, if adopted as policy, could potentially drive investors and small business owners out of the state.

In addition, doubling the state cigarette tax is being promoted with little concern for the consequences of doing so. Funding any budget “priority” with a cigarette tax increase is setting up New York taxpayers to bear the brunt of a future tax increase. According to the U.S. Department of Agriculture, tobacco use declines at a rate of 1-2% per year. At this rate, cigarette tax revenue is anything but a stable funding source. **Once revenue begins to fall short of projections, legislators will begin calling for another tax hike at a fever pitch to fill a “gap” they themselves have created. When would the tax-and-spend cycle end?**

Increasing the cigarette tax also hurts small businesses which often lean on tobacco sales to stay in business. As small businesses are the engine of job creation in the U.S., raising the tax on cigarettes destroys jobs.

One only has to look as far as New York City. According to a 2003 Small Business Survival Committee study, when New York City raised the tobacco tax by \$1.42, it resulted in \$127 million in lost profits for small businesses and some 10,000 lost jobs. Eighty-eight percent of small businesses reported that they were hurt by the tax increase.

Before placing taxpayers on the chopping block, responsible governing requires you to address the true problem of overspending. Last year alone, state spending increased by 7 percent despite an impending budget “shortfall.” According to Americans for Tax Reform Foundation’s Cost of Government Day Report, New Yorkers worked 209 days to pay for their share of government spending and regulation. New York ranked 49th of 50 on this report, meaning New York taxpayers bear the 2nd heaviest burden in the country. It is up to you to ensure that this burden is not increased.

On behalf of New York taxpayers, I urge you to strongly oppose any and all tax increases that are put on the table and instead, reach a budget deal that is pro-growth and tax-increase free.

Onward,

Grover Norquist