

## LEGISLATIVE ALERT

### Reject the cigarette tax hike!

As early as today, you may be asked to consider a 50-cent per pack tax hike on cigarettes to fill the state's budget gap and the expansion of healthcare program. Responsible governing means rejecting this \$159 million annual tax hike outright as bad policy for South Carolina.

Any tax increase will remove money from the private economy and productive use, a dangerous move in today's uncertain economic climate. Higher taxes on consumers will threaten a strong economy and only further disable one that is weak.

In general, higher taxes will deter businesses from thriving in South Carolina. Experience shows that tobacco tax increases encourages illegal activities, including tax avoidance, smuggling and buying and selling on the black market. The cost alone of regulating these activities will negate the intent to raise revenue.

Beyond this, the idea of supporting expanded healthcare programs with a tobacco tax hike rests itself on a fallacy. According to the U.S. Department of Agriculture, tobacco use declines at a rate of 1-2% per year. Because they are a declining revenue source, higher tobacco taxes will only serve as a placeholder for additional broad based tax increases to maintain spending levels in the future.

Finally, and perhaps the most dangerous proposal still on the table, is indexing the tax hike to inflation. This is nothing than placing a tax hike on autopilot. Why should costs continually soar for South Carolina taxpayers?

Advocates of this hike have been unable to articulate how to best to spend the additional dollars being robbed from taxpayer wallets as a result of this tax hike. Simply put, their hunger for spending outpaces their desire to govern accountably.

**Act in the best interests of South Carolina taxpayers- reject the cigarette tax hike!**