



NEWS

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NEW YORKERS SLAPPED BY CELL PHONE, CIGARETTE TAX PROPOSALS

WASHINGTON – **Americans for Tax Reform (ATR) expresses surprise and frustration with New York Governor George Pataki for his actions securing a per-pack cigarette tax increase.** The additional tax on cigarettes will cost consumers \$251 million next year. ATR also opposes efforts by the Governor to increase fees on wireless devices like cell phones. The proposed 30 cent surcharge, if enacted into law, could cost taxpayers as much as \$28 million next year.

Rather than encourage localities to cut spending in other areas to fund better emergency 911 services, Governor Pataki has recommended a fee increase. Already, the state charges a tax of 70 cents on every cell phone sale, costing taxpayers \$162 million. This tax revenue was supposed to fund better emergency response systems, but so far has not. By recommending another fee increase to pay for the 911 state program, Pataki refuses to hold this program accountable for the way that previously-appropriated funds have been managed.

The 39 cent per-pack cigarette tax increase recently enacted by Governor Pataki passed within days to fund salary and benefit increases for state hospital employees. The same union that lobbied for and won a 55 cent increase on cigarettes two years ago lobbied for and won the 39 cent increase this year. The 39 cent increase will cost consumers and retailers \$251 million next year. Small businesses and low-income taxpayers will suffer this greater tax burden most, as it represents a greater proportion of their income.

“Governor Pataki has demonstrated throughout the tenure of his administration that he believes tax cuts are better policy than tax increases,” said Emily Sedgwick, State Projects Manager at ATR. “For the last five years, state expenditures decreased as a percentage of income in New York! So it is kind of a mystery why he has chosen to recommend tax and fee increases now. Furthermore, **New York ranks among the worst for small business survival. Increasing taxes on consumer products like cell phones and cigarettes will only cause this problem to worsen,**” concluded Sedgwick.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.