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## New York Legislature Passes Tax Hike on Tobacco *Bans Tax-free Cigarette Sales at Indian Reservations and Internet Retailers*

Washington, D.C. – The New York State Senate passed legislation during a special session on Friday that would end tax-free cigarette sales at Indian reservations and internet outlets. The \$400 million tax hike would require tobacco wholesalers to certify that only cigarettes with a New York state tax stamp are sold to retailers. Further, the bill bars cigarette manufacturers from selling products to wholesalers that do not provide such certification.

New Yorkers already pay the highest tobacco taxes in the country, at \$2.75 per pack of cigarettes and \$4.25 per pack for residents of New York City. Previous Governors have been hesitant to extend the tobacco tax to Indian reservations in New York as it could violate treaties between the United States and the Indian Nation. Governor David Paterson (D) has not indicated whether he will sign the tax hike into law.

**“Raising taxes on Empire State consumers while excessively regulating businesses will only serve to stifle the state’s economy,”** said Grover Norquist, president of Americans for Tax Reform. **“By passing this bill, tax and spend legislators are ensuring that New York residents continue to have the second highest state tax burden in the country.”**

The tax hike comes at a time when New York lawmakers are trying to cover up \$26 billion in overspending estimated over the next three years. However, recent attempts in Maryland to increase tobacco taxes to cover a budget projection shortfall only exacerbated problems for state lawmakers. The tax hike drove consumers to nearby states with lower tax rates, leading to an unexpected drop-off in cigarette sales in Maryland and a subsequent decrease in anticipated tax collection. Maryland has the 6<sup>th</sup> highest tobacco tax in the nation, compared to neighboring Virginia, which ranks 47<sup>th</sup>.

**“Legislators should never rely on increased taxes as a way to fix a serious overspending problem,”** added Norquist. **“Rather than raiding the wallets of consumers to cover billions in overspending, New York legislators should be looking for ways to trim their \$124 billion bloated budget.”**

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

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