

LEGISLATIVE ALERT

Reject HB 3567

As early as this afternoon, you will be asked to consider House Bill 3567 which calls for a 50-cent per pack cigarette tax increase to fund the expansion of healthcare programs in South Carolina.

Many of you have signed the Taxpayer Protection Pledge, a commitment to “oppose and vote against any and all efforts to increase taxes”.

While Americans for Tax Reform does not support a tax increase on anyone or anything, the Taxpayer Protection Pledge is neutral about tax changes that are revenue neutral.

“Refundable” tax credits, which are actually spending, cannot offset tax increases to comply with the Taxpayer Protection Pledge.

A tax increase can never be offset with spending, only with true tax cuts of equal or greater size put forth in the same bill.

If these tax credits are in fact included in the legislation, this bill would amount to increased spending on top of the cigarette tax increase.

Beyond this, the idea of supporting expanded healthcare programs with a tobacco tax hike is in itself 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.

Consequently, a vote for HB 3567, given the inclusion of so-called “refundable” tax credits, would be considered a violation of the Taxpayer Protection Pledge.