



AMERICANS
for TAX REFORM

Grover G. Norquist
President

January 11, 2008

Dear legislator,

In the face of state budget troubles caused by government overspending, the calls for higher taxes may reach a fever pitch this session; however, I urge you to reject any efforts to increase the burden on Kentucky taxpayers. Reports have already begun to emerge that a tobacco tax increase proposal may be put on the table.

In general, tax increases provide a disincentive for reform and remove money from productive use. At a time when the state government is spending more taxpayer dollars than are being taken in, a tax hike is especially lethal.

Higher taxes will deter businesses from thriving in Kentucky. Higher taxes on consumers will threaten a strong economy and only further disable one that is weak. Experience shows that tobacco tax increases encourages illegal activities, including tax avoidance, smuggling and buying and selling on the black market.

In particular, a tobacco tax increase should be out of question. Not only would it place the burden on a small group of Kentucky taxpayers, if proponents have their way, **this would amount to a 3,500% tax hike on tobacco in less than five years. Such a dramatic increase on the price of this product would likely hit small business owners the hardest.**

According to a study by Americans for Tax Reform Foundation, last year, taxpayers in the Bluegrass State were forced to work until July 2nd just to pay for their share of government spending and regulations. Your constituents rely on you to make sure their overall tax burden will not increase. They are counting on your commitment and dedication to their interests.

As you prepare to face Kentucky's budget gap, reported at up to \$1 billion over the coming biennium, I urge you to reject all calls for tax increases and enact true spending reform instead. Under the current constraints, taxpayers are depending on you to tighten the state's fiscal belt rather than look to increase taxpayer burden as a bailout.

Enclosed, please find key facts about tobacco tax increases as well as a copy of ATR's policy brief detailing alternatives to raising taxes. ATR stands ready to assist you in the fight against higher taxes. Please do not hesitate to call on me, or contact our state team, Karri Bragg or Sandra Fabry at 202-785-0266.

Onward,



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