

## LEGISLATIVE ALERT

### Reject HB 262!

As early as tomorrow, you will be asked to consider House Bill 262, a bill that looks to slap Kentucky taxpayers with an additional \$800 million in new taxes if enacted.

The bill contains several bad elements, including:

- 25 cent per pack cigarette tax hike
- Raises tax on other tobacco products by 6.25 percent
- Places the 6 percent sales tax on 5 new services
- Makes a 1.4 cent gas tax increase permanent, effective immediately

If the tobacco tax increase is enacted, Kentucky faces the risk of increased smuggling, tax avoidance, and buying and selling of products on the black market.

In addition, attempting to address budgetary issues with a 'quick fix' such as a tobacco tax is, at best, an irrational way to legislate. Tobacco taxes, a declining revenue source as a result of declining tobacco consumption, leave the door open for higher taxes.

Placing a new tax on randomly-selected services is a sure-fire way to aggravate taxpayers, as proven by recent experience. Recently, Michigan and Maryland enacted services taxes proved so unpopular that they were immediately repealed.

And talking about raising gas taxes is a complete insult to taxpayers whose gas bills are already sky high.

Funding any spending 'priority' through these types of tax hikes is like playing Russian roulette with the state purse.

In general, any tax increase is dangerous to the Kentucky economy. Since any tax increase will drain money out of the private economy and productive use, it is a disservice to constituents. Taxpayers are relying on you to seek responsible, pro-growth measures to ensure the strong future of the state economy.

In the face of a budget shortfall caused by state overspending, now is the time to reject tax increases and enact true spending reform instead.

Stand up for taxpayers-  
REJECT HB 262!