



AMERICANS *for* TAX REFORM

Grover G. Norquist
President

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Dear legislator,

As the budget discussions continue to heat up, I urge you to reject calls for higher taxes on the people of New Hampshire. Taxpayers of the Granite State should not be held responsible for government overspending that has resulted in an estimated \$225 million 'shortfall' in the state budget. Specifically, the plan to raise the cigarette tax to paper over the budget gap is flawed in its logic.

Tax increases, especially those on products, deter businesses from thriving in New Hampshire. Although the governor sets a rate that is relatively low for the region, any tax increase will create a less competitive environment for businesses. The last thing Granite State taxpayers need is for their tax rates to "catch up" to the onerous burdens in neighboring states. Additionally, experience shows that raising tobacco taxes will encourage tax avoidance, smuggling, and other unlawful activities.

Furthermore, the governor's claim that the state's fiscal woes can be partially met with a higher tobacco tax is erroneous at best. 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.

New Hampshire's current financial state is a result of spending beyond the means of taxpayer dollars. While efforts have been made to identify spending cuts, long term fiscal restraint is the only way to ensure that the tax burden does not increase for taxpayers.

As you face New Hampshire's budget gap, I urge you to reject all calls for tax increases and address the root of the problem by enacting 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.

Onward,

Grover Norquist