



April 3, 2009

Illinois House of Representatives

Dear Members of the Illinois House of Representatives,

It is critical now more than ever to oppose attempts to increase taxes. In the face of a slowing economy, tax hikes of any kind will hit hardworking Illinois families and further diminish the state's economic growth.

Senate Bill 44, a plan to hike the cigarette tax by \$1 a pack over the next two years, should be abandoned. A tax hike of \$1 would make Illinois' the highest cigarette tax among its neighbors, taking it to \$1.98 in excise taxes per pack. The closest tax rate would be \$1.77. The average excise tax of the surrounding states comes to 91.9 cents a pack—less than half the proposed tax rate.

Evidence from other states shows that this tax hike will do little to address the state's current \$11.6 billion overspending problem. After New Jersey raised the cigarette tax just 17.5 cents in 2007, the state lost \$24 million in tobacco tax revenue from consumers who sought cheaper products across state lines or from other vendors. Last year in Maryland, the cigarette tax was doubled, only to see a 25 percent decrease in cigarette consumption and a 254 percent increase in cigarettes smuggled across state lines.

Another example just this year shows Arkansas tax revenue projections being much less than expected after their cigarette tax increase. A tax that was expected to bring in an extra \$86 million a year is now projected to bring in \$14 million less. In this case, Arkansas raised its tax by 56 cents a pack, bringing its total tax on a pack of cigarettes to \$1.15, nearly doubling the collective average of the neighboring states' rates.

Illinois' budgetary problems have been caused by a slowing economy combined with unsustainably high government spending. During the recent economic boom, states found it easy to spend taxpayer dollars. Out-of-control spending caused this problem and tax increases are not the solution. The taxpayers in Illinois would be better served if you would propose cuts that lift the burden of government spending off their backs; overspending by government is the real problem.

At a time when the citizens of Illinois and around the country are struggling to pay their mortgages, put gas in their tanks, and put food on the table, they do not need a tax hike. If you have any questions, please contact Nathan Pick, state affairs manager, at 202.785.0266.

Onward,

Grover Norquist