



# AMERICANS for TAX REFORM

April 21, 2009

Florida House Conferees

RE: Senate Bill 2600

Dear House Conferees,

I write today very strongly opposed to Senate Bill 2600 and the attempt by some legislators to pass a massive tax increase on tobacco products. As you consider this piece of legislation and move forward in the budget process, I ask that you stand strong against all tax increases, the taxpayers of Florida are counting on you.

SB 2600 contains an estimated \$2 billion tax increase over the next 2 fiscal years. An income tax is not a user fee on your job. A sales tax is not a user fee on purchasing products. The same holds true for an excise tax on tobacco - a tax increase is a tax increase no matter what it is called. It is simply disingenuous for one to describe this tax hike as a "surcharge," a "user fee," a "revenue enhancement," or any other title that attempts to mask this bill's true nature. A true user fee must meet the following three criteria:

- The charge must be funding a specific service, with no excess going into a general fund;
- the charge must be paid only by those who use that specific government service;
- and individuals must have the choice of whether to purchase the service from the government (and thus pay the fee) or to purchase the service from a private business.

Without meeting these criteria, it is simply a tax, no matter what name someone wants to call it.

While it is always ill-advised to raise taxes in a recession, SB 2600 would do so on Floridians least able to afford it. On average, smokers, whose median income is a little more than \$36,000, make about 30 percent less than non-smokers. Furthermore, President Obama has already burdened smokers with a 156% hike in the federal excise tax on cigarettes. Piling on more taxes on top of this will exacerbate the economic damage of this proposal.

Raising taxes on smokers and small businesses is not only unfair; it is flat out bad public policy. Revenue from tobacco taxes is exceptionally volatile. Smokers, behaving rationally, frequently cross state lines to find cigarettes at cheaper rates. Florida's neighboring states have an average cigarette tax of just 40-cents per pack. If this tax hike passes, Floridians will have to pay \$1.34 per pack, over triple that of their neighbors.

Evidence from nearly every state that has raised tobacco taxes to solve overspending problems shows that time and time again these taxes do not raise the estimated revenue. When Arkansas became the latest state to pass a tax hike on cigarettes in February, on the heels of the federal cigarette tax increase, the bill was estimated to bring in \$86 million. Just one month after passage the Finance and Administration Department said it would bring in \$14 million less than projected.

I urge you to consider the points made above when deliberating this tax increase and to find a solution to Florida's budget crisis without raising taxes. If you have any questions, please contact Kelly Cobb or Nathan Pick, state affairs managers, at (202) 785-0266.

Onward,

Grover Norquist

CC: Governor Charlie Crist  
Senate Conferees

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