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Coalition Decries Move To Hike Cigarette Tax

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Special to the Sun

A coalition of small business owners across the city and state joined politicians outside city hall yesterday to create a unified front against Mayor Bloomberg's proposed cigarette tax hike.

The opponents of the \$0.50 hike said they wouldn't stand for new levies until the state began prosecuting Indian reservations for illegal cigarette sales, which they said are damaging some businesses' revenue beyond repair.

Mr. Bloomberg proposed an additional \$0.50 tax on cigarette sales in his preliminary budget proposal, which was released earlier this week. This would boost city taxes on cigarettes to \$2. Together with state levies, the taxes add up to \$3.50 onto the price of a pack. Mr. Bloomberg has said he hopes the taxes will help New Yorkers quit smoking, and that in the meantime the revenue would help service the city's escalating debt.

Opponents said not only do the taxes hurt small businesses, they give extraordinary incentives to smokers to seek their nicotine fix on the black market.

A spokesman for the city's Department of Finance, Scott Reif, said that despite the accusations, the city has "an aggressive policy for cracking down on illegal cigarette sellers," including undercover operations and investigations of people who bought cigarettes online. Their efforts have brought in about \$700,000 so far, he said.

Governor Pataki has said that rather than swooping into Indian reservations to collect taxes, he would rather create "compacts" between the governments of the reservations and the state.