

DAILY NEWS

Cig tax hike burns sellers

MAYOR BLOOMBERG'S call for a 50-cent hike in the cigarette tax has local tobacco retailers smoking mad.

According to representatives of bodegas, convenience stores, newsstands and other small retailers, the tax hike would only drive more of their tobacco-addicted customers into the beckoning arms of untaxed sources, such as street peddlers, the Internet and Indian reservations.

"The more the mayor continues to increase the tax, the more the disparity between the legal sales and the nontax sales, and the more the black market will continue to cripple local stores," said Richard Lipsky, spokesman for the Neighborhood Retail Alliance, which represents scores of small retailers in the city.

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DAILY NEWS CITY HALL BUREAU

City tax officials, however, hope that smokers will simply decide to quit. And for those tempted to patronize buttleggers, the city intends to intensify enforcement efforts.

"Generally speaking, I don't think people will look for ways to break the law," said Owen Stone, Finance Department spokesman. "They will stop smoking or pay the tax."

A Quinnipiac University poll last week reported that 71% of city voters favor the mayor's call for hiking the city's cigarette taxes to \$2 a pack from \$1.50.

More puffers will avoid it, city warned

The hike — which requires approval from the Legislature and Gov. Pataki — would generate \$21.2 million in additional revenue for the new 2006-07 city budget, and an average of \$38.7 million a year for the next three fiscal years.

Most of the funds would be earmarked for smoking prevention and cessation programs, the mayor said.

As he did in 2002 — when Bloomberg engineered the mammoth tax boost to \$1.50 a pack from 8 cents — the smoke-hat-

ing mayor contends his new tax hike is aimed at keeping smokers, especially teenagers, from damaging their health and even slowly killing themselves.

Still, some inveterate smokers will undoubtedly patronize nontax cigarette vendors.

James Calvin, president of the New York Association of Convenience Stores, said state and city efforts to collect cigarette taxes amount to "a basket full of holes."

The cigarette tax revenue not being collected just from Indian reservations around the state amounts to \$450 million a year, Calvin maintained.

State Sen. Jeffrey Klein (D-Bronx-Westchester) and City Councilman Oliver Koppell (D-Bronx) argued that city and

state officials would be better off doing more to collect the unpaid tax revenues from Indian reservations than raising cigarette taxes again.

Koppell said Pataki gave up on efforts to collect the Indian taxes because of violent demonstrations in 1997.

"It's shocking to think that we're not enforcing the law because of a threat of violence," he said.

Pataki spokesman Saleem Cheeks said the governor wants to collect the reservation taxes "in a way that makes sense."

"We believe that with time we can achieve our goal by working out compacts with the Indian nations," Cheeks said.

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