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Small Businesses Want To Snuff Out City Cigarette Tax

By Yael Kohen
Special to the Sun

A coalition of Korean grocers, bodega owners, and other vendors are calling on the city today to collect \$1 billion in unpaid fines, rather than continue with an exorbitant cigarettes sales tax.

'We don't think the system in place today is a good one.'

"Businesses are willing to pay fines. They don't want to be taxed to death," said Richard Lipsky, a legislative and public relations consultant working with small businesses to fight city's new anti-smoking measures.

The president of the Korean American Small Business Service Center of New York, Sung Soo Kim, said 12 city enforcement agencies have not sufficiently collected their fines, particularly the Sanitation Department.

He said that if the city reformed the way it issues and administers fines to small businesses it could get more than \$200 million out of the \$1 billion owed to the city.

Other agencies not collecting their fines, he said, include the Fire Department; the Police Department; the Department of Transportation; the Department of Buildings; the Department of Environmental Protection and DEP Water and Sewer Bills; Department of Health; Department of Consumer

Affairs; the Taxi and Limousine Commission; the Landmark Commission; and The Department of Finance for commercial rent taxes.

A spokesman for the mayor's office, Jordan Barowitz, disputed the claim.

"The city does a pretty good job collecting its fines," he said. "If there was revenue out there that could be collected the city would be going after it."

On July 1, the city increased the cigarette tax from 8 cents to \$1.50 per pack. Cigarettes in the city can cost as much as \$7.50 per pack.

Small business owners complain that the tax significantly hurts their business.

Bodega owners, who say their two most popular items are cigarettes and beer, say the cigarette tax reduced their cigarette revenue by 51% and as a result overall revenue has declined between 42% and 49%.

Mr. Lipsky said the city needs to come up with a better system for adjudicating and enforcing fines.

One proposal, Mr. Lipsky said, would be to require businesses to pay just the original fine rather than adding too many penalties if the fines go unpaid.

"The original fine would be paid although everything would be subject to a negotiation. It may be that you end up with the fine paid and some of the penalty paid," Mr. Lipsky said. He added that negotiations would be subject to the particularities of a specific business.

"We don't think that the system in place today is a good one. It's not fair to businesses," he said.



HOLY SMOKE Bodega owners want city to collect fines and lower tax.