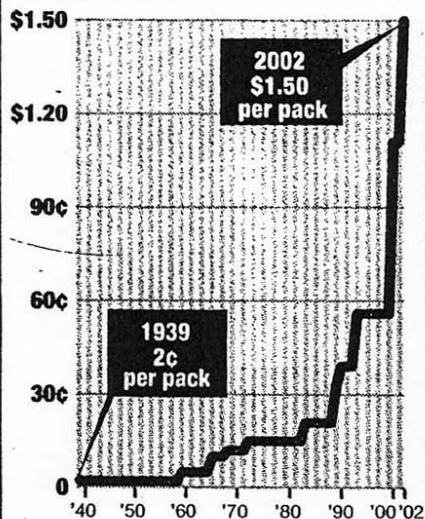


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Always a Drag

The rise of the state cigarette tax since 1939



SOURCE: State Department of Taxation and Finance

Newsday



Newsday Photo / Jiro Ose

Jamaica bodega owner Cesar Mejia said cigarettes provide one-fourth of his sales, so he is concerned about higher taxes on them.

Taxing Their Butts

Smokers, sellers feel burned by \$1.50 state levy

By Curtis L. Taylor

STAFF WRITER

Standing outside a bodega on Rockaway Boulevard in South Ozone Park, Rahlo Paige expressed outrage as he forked over \$5.75 for a pack of Newport as the state's new \$1.50-per-pack tax levy boosted the price by 39 cents yesterday.

But Paige, 22, nearly went ballistic when told of Mayor Michael Bloomberg's pending proposal to increase the price of a pack of smokes locally by an additional \$1.42.

"That is crazy," Paige said. "Somebody is smoking something if they think we will pay \$7.25 for a pack of cigarettes."

Paige is hardly the only smoker who is fuming about state and city efforts to fight budget woes at their expense and, some say, that of thousands of small businesses.

Owners of bodegas, beverage outlets and street newsstands across the city said in interviews that the state's

39-cent cigarette tax increase — which took effect yesterday — is bad enough. But Bloomberg's proposed hike could drive away customers and force some stores out of business, many said.

Cesar Mejia, a bodega owner in Jamaica, said with a note of dread in his voice that the cigarette trade represented 25 percent of his business. "The customers just don't buy cigarettes," said Mejia, who sells \$2,500 a week in cigarettes. "They buy bread, milk, beer, candy and other goods."

At Kevin George's Grocery store in South Ozone Park, owner Elvin Lantigua said he was sympathetic to the mayor's budget problems but couldn't afford to lose any of his business, roughly 20 percent of which is from tobacco sales.

"Everybody is upset about the price increase," said Lantigua. "People complain about the prices and then they stop coming. They will find somewhere else to buy the cigarettes cheaper, and we lose the business."

George Pataki's budget division, said the state tax hike would generate \$283 million in revenue that is needed by the state because of a national economic slowdown and the impact of the Sept. 11 attacks.

Jordan Barowitz, a Bloomberg spokesman, said: "Cigarettes kill, and the mayor will do everything in his power to stop people from smoking."

But Councilman Alan Jennings (D-Jamaica) cautioned that the mayor might be going too far, and he has called for a 67-cent cigarette tax hike instead.

More than a dozen states confronted with budget crunches have raised or are considering raising cigarette taxes. New Jersey, for one, is hoping to generate an additional \$200 million a year with a proposed 50-cents-a-pack hike, to \$1.30 per pack.

The last time New York State's cigarette tax was increased was 2000, from 56 cents a pack to \$1.11, according to the state Department of Taxation and Finance.