

Neighborhood Retail Alliance

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Press Release

State and City Elected Officials Join with Business Owners to Oppose Increased Cigarette Levies; Tax Collection from Native American Retailers Must Occur First

When: Thursday, February 2nd, 2006

Where: City Hall Steps

Time: 11:00 a.m.

On Thursday, February 2nd at 11:00 a.m. City Councilman Oliver Koppell, State Senator Jeff Klein and other elected officials will join with the New York State New York Association of Convenience Stores (NYASC), the Bodega Association, the Korean American Small Business Service Center (KASBSC), the Newsstand Dealers of New York and the Neighborhood Retail Alliance in a united front against any additional city or state cigarette tax increases until the state enforces the law and collects taxes from Native American retailers who have been unjustly exempted from paying what they owe.

Councilman Koppell, the former New York State Attorney General who obtained a 9-0 Supreme Court decision saying it was legal for the state to tax Native American retailers, will lead the press conference and emphasize that the State Senate and Assembly, in response to this ruling, passed legislation mandating that Native Americans selling to ordinary citizens must pay taxes on cigarettes and gasoline just like any other New York retailer.

The coalition of bodegas, green grocers, newsstands and convenience stores will further underscore that there can be no delay in the implementation of this law, certainly not until March 2007

as has been suggested. Enforcement would generate over \$800 million a year in revenue and bring business back to legitimate retailers who have lost sales to retailers who have avoided state levies.

Furthermore a cigarette tax increase, as both Mayor Bloomberg and Governor Pataki have proposed, would worsen the already wide disparity between tobacco prices at Native American reservations and the cost of cigarettes at legitimate New York retail outlets. This increase would hurt beleaguered store owners who are already reeling from the effects of previous increases – cigarette revenues have dropped by as much as 60% - and would, at the same time, generate more smuggling and violent black market activity.

The easiest solution to this problem would be for Governor Pataki to simply enforce the law vis-à-vis taxing Native American retailers. Inexplicably, however, the Governor has so far refused to do so. This nonfeasance is unacceptable and the business groups and elected officials present will demand that the Pataki Administration start collecting the levy immediately.

"Once again the governor is trying to run out the clock to avoid enforcing our tax laws, said Senator Klein. "His unwillingness to take on illegal cigarette sales is costing our state hundreds of millions of dollars each year in revenue that is desperately needed by Family Health Plus, the EPIC prescription drug program, and other important health care initiatives that rely on cigarette taxes for their funding." Klein, who wrote the 2000 law banning direct shipments of cigarettes to New York consumers has long been an advocate against tobacco use by underage children, even conducting sting operations demonstrating the ease with which children could obtain cigarettes from internet sellers.

The coalition will also be protesting Mayor Bloomberg's willful disregard for small business and public safety. If he were truly concerned with children's access to cigarettes, the mayor would insist that the Native American loophole be closed before any new tax is enacted. Otherwise, unregulated street sales will continue to mushroom and the mayor's laudatory public health goals will, along with the bodegas' bottom line, simply go up in smoke.