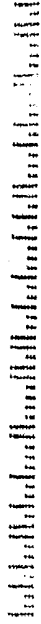


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Charles A. Roll
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September 17, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

As you put the finishing touches on your health care reform proposal, I want to reiterate my deep concern over the possible inclusion in your plan of a large increase in the federal excise tax on cigarettes. I have shared this concern personally with Hillary, as well as Ira Magaziner, Judy Feder and other task force members, but thought I ought to contact you directly to underscore my serious misgivings about such an increase.

While I recognize that some increase in the tax may be inevitable, I think it would be a fundamental mistake to disproportionately burden a single class of taxpayer with a significant portion of the health care reform costs. Not only would it be unfair to ask just these taxpayers to bear what should be borne as equitably as possible by all Americans, but it would also be ruinous for local economies which depend heavily on the growth, manufacture and sale of tobacco and tobacco products.

I know some public opinion surveys indicate that many would regard a cigarette tax increase as the least unpopular tax that might be imposed to pay for health care reform costs. I am also aware that some advocate dramatically increasing the cigarette tax for the specific purpose of decreasing cigarette smoking and lowering related health costs. My principal concern, however, is economic.

Recent figures show that 44,500 Virginians work directly in tobacco-related jobs. According to these numbers, a 50 cent increase in the tax would cause my state to lose one quarter of those jobs and \$313 million in salaries and wages. The elimination of these jobs would in turn exacerbate the existing health care crisis by leaving more people uninsured and putting honest taxpayers onto public support. As you will recall, a similar phenomenon weighed heavily in the decision to repeal the luxury tax on yachts which put so many skilled boat builders out of work.

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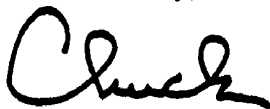


The President
September 17, 1993
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What's more, the tobacco tax has increased 200 percent since 1982 with the last increase occurring as recently as January 1 of this year. During the same time, average state and local tobacco taxes have grown by 95 percent. As you know, tobacco growers, manufacturers and smokers already contribute substantially to the government by paying more than \$14 billion a year in federal, state and local taxes.

While I realize that your health care reform plan is not a job creation bill, I do not believe we ought to ignore the net economic consequences of this tax increase. I therefore ask that you carefully consider the equity of such an increase and the unintended consequences it would cause as you make your final adjustments to the health care reform plan you will announce next week.

Sincerely,



Charles S. Robb

CSR/ds

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