

DRAFT

TO: All 120 Park, 100 Park, Rye-Brook Employees DATE: December 13, 1999

FROM: David Laufer
Vice President, State Government Affairs

SUBJECT: New York State Excise Tax Threat

OK as revised PD 12/14/99

I am contacting you today because we are facing an important challenge in New York State. Discussions in Albany are underway that may result in an increase of the state's cigarette excise tax by as much as 25 cents-per-pack to help fund a health care plan. As part of a plan to resolve funding issues for the state's Health Care Reform Act (HCRA), an excise tax increase proposal could come before the members of the state legislature *as early as this week.*

Please take a minute today to call or e-mail your state elected officials, including Governor Pataki. Let them know that you oppose any attempt to increase the state cigarette tax.

If enacted, this proposal would raise New York's cigarette excise tax rate to 81 cents-per-pack – a 44% increase! As you know, it is unfair to single out adults who choose to smoke to pay for state programs that are the responsibility of all taxpayers in the state. Additionally, at 81 cents-per-pack, New York would have the highest cigarette tax in the region, which could hurt New York State retailers by sending people into neighboring states to purchase their cigarettes. This could ultimately reduce the revenues that the state would raise from the cigarette tax, due to significant sales losses from cross-border shopping.

How to Contact Your Elected Officials:

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You can reach your elected officials in Albany by calling the Senate and Assembly switchboards and asking to be connected to your representatives.

Governor Pataki's office:	518-474-8390
NY Senate switchboard:	518-455-2800
NY Assembly switchboard:	518-455-4100

If you prefer to e-mail the Governor and your legislators, you can do so by going to the PMUSA Web Site (www.philipmorrisusa.com) and selecting the "Government Issues" section. Once in this section, click on "Make Your Voice Heard" and follow it to the "Guide to State Legislation". You can click on New York State, and then, by selecting the Governor and your legislators, you can send an e-mail using the screens on the site. If you don't know the names of your state legislators, the system will identify them for you when you enter your zip code.

Please act now – this issue may be decided this week. Let the Governor and your state legislators know you oppose any attempts to increase the state's cigarette tax. By working together to voice our opposition to this issue, we can make a difference. Thank you.

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Points in Opposition to the Cigarette Tax Increase:

When you call or e-mail your elected officials, you may want to make some of the following points:

- It is unfair to single out adults who choose to smoke to pay for broad-based state-wide programs that are everyone's responsibility.
- It is unwise for the state to use cigarette ^{excise} taxes to fund a broad-based and important state program like health care coverage. Excise tax revenues and cigarette sales are unpredictable and a notoriously unreliable source of revenue. As excise taxes rise, ~~and~~ consumers ~~change their behavior~~, sales tend to fall.
- A tax increase of this magnitude will hurt New York retailers by encouraging people to cross into neighboring states to purchase cigarettes. Of course, while shopping across the border, residents of New York are likely to purchase other items as well.
- Excise taxes are a greater burden on those least able to pay them.

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and
place

may go to neighboring state
to make their purchases and
or
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