

Option 1

Lorillard is disappointed that the Governor and legislative leaders have decided to increase taxes to solve the healthcare needs of New Yorkers. The 55 cents increase will result in New York having the highest excise tax in the country and exacerbate a cigarette smuggling and contraband problem that state is struggling to manage. It will magnify cross border sales with neighboring states and economically endanger many businesses in the state. Cigarette excise taxes already generate over \$600 million annually; and beginning next year, the state will collect another \$1 billion annually as a result of the state's settlement as reimbursement for state medicaid expenditures.

An excise tax on tobacco is neither a reliable nor a sustainable source for expanded healthcare. The Governor's solution is merely a short-term politically motivated solution to a complex problem.

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