

From: Lester, Frank G.  
Sent: Tuesday, August 06, 2002 10:57 AM  
To: Spainhour, Sheryl F.; Albert, Judy P.; 'Byron Nelson'; Cole, Ron W.;  
Howard, David P.; Mozingo, Roger L.; Osmon, Greg (WKA); Singleton, John  
W.  
Cc: Smith, Lyle B.  
Subject: RE: NYTimes.com Article: Cigarette Tax, Highest in Nation, Cuts  
Sales in City

Shouldn't we respond to this? The fact is most people are not quitting but, rather, bought a lot of cigs before the tax and/or are seeking lower-priced tax-free cigs.

Frank

-----Original Message-----

From: Spainhour, Sheryl F.  
Sent: Tuesday, August 06, 2002 7:37 AM  
To: Albert, Judy P.; Byron Nelson; Cole, Ron W.; Howard, David P.;  
Lester, Frank G.; Mozingo, Roger L.; Osmon, Greg (WKA); Singleton, John  
W.  
Subject: FW: NYTimes.com Article: Cigarette Tax, Highest in Nation, Cuts  
Sales in City

-----Original Message-----

From: Spainhour, Sheryl F.  
Sent: Tuesday, August 06, 2002 7:32 AM  
To: Spainhour, Sheryl F.  
Subject: NYTimes.com Article: Cigarette Tax, Highest in Nation, Cuts  
Sales in City

This article from NYTimes.com  
has been sent to you by spainhs@rjrt.com.

Cigarette Tax, Highest in Nation, Cuts Sales in City

August 6, 2002  
By MICHAEL COOPER

The number of cigarettes sold in New York City has been cut almost in half since the city began charging the highest cigarette tax in the nation last month, driving the price of many cigarettes to \$7.50 a pack, according to figures released yesterday.

Only 15,630,000 packs of cigarettes were sold in the city

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during July, the first month of the tax, which represents a 47 percent drop from the 29,220,000 packs sold last July, according to Sam Miller, a spokesman for the city's Department of Finance.

The Bloomberg administration raised the city's cigarette tax from 8 cents a pack to \$1.50 a pack, which must be paid on top of the state's \$1.50-a-pack tax. Mayor Michael R. Bloomberg has long described the measure as more of a public health initiative, intended to get people to quit smoking, than a moneymaker.

But revenue is up, too: the tax earned \$23 million last month, up from \$2.3 million last July. The city keeps only \$12.3 million of that; the rest goes to the state.

Just how many people are quitting, and how many are buying their cigarettes out of state, over the Internet or on Indian reservations, is difficult to assess.

Calls to the New York State Smokers' Quitline, a toll-free help line that serves the city and the state and usually gets 51,000 calls a year, went up by 12 per cent last month, said Dr. Michael Cummings, who oversees the line, (888) 609-6292.

"We would attribute it to the tax; the tax is what changed," Dr. Cummings said. "But most people will be quitting on their own. Most people don't call the Quitline."

Shanti Lowe, 32, who smoked for 16 years, said that the new tax pushed her to quit. Ms. Lowe said that she did not quit when her mother, Cortnie, quit seven or eight years ago, or even when her mother, a project manager at the city's Health Department, began working on anti-smoking campaigns. But she said \$7.50 a day was just too much.

So she went on the patch.

"I bought two last packs at the old price the day before the tax went into effect," said Ms. Lowe, who is entering graduate school this fall. "I quit July 3 and went on the patch. Now, every week, I transfer the \$50 I saved by not smoking from my checking account to my savings account. I'm going to buy a printer with that money."

But many smokers are going elsewhere. Harry Wallace, an owner of the Poospatuck Smoke Shop, on the small Poospatuck Reservation on Long Island near Mastic, sells Marlboros for \$3.90 a pack. Mr. Wallace said that he was seeing some new customers, but not a tremendous increase, and that it was unclear if it was because of the new tax or simply the crowds that flock to Long Island every summer.

"We're still trying to determine if it's the summer or the tax thing," he said. "There are a lot of Web sites now selling cigarettes from other states and reservations. The equation is different now. And with all the anti-smoking laws, there are fewer smokers, so we are fighting for a smaller piece of the pie."

Richard Lipsky, a lobbyist for the Neighborhood Retail Alliance, an association of bodega owners and greengrocers, said that he thinks more smokers are going out of state, shopping over the Internet or buying smuggled cigarettes than are quitting. "I don't think anyone's quitting," he said. "The only people who are going to quit are going to be the small-store owners who can't make ends meet."

Raj Patel, 47, who owns the Optimo Cigar Store across the street from City Hall with his uncle Jay, said that he was selling 60 percent fewer cigarettes. "If people don't come in, how can you sell them magazines, how can you sell them soda, how can you sell the chips?" he asked yesterday, complaining that it could become hard to make the rent.

But the city actually made more money from the smoking tax last month than it projected, meaning that cigarette sales were not driven down quite as far as officials expected. Mr. Miller, the Finance Department spokesman, said that the \$12.3 million share that the city collected is more than a million dollars higher than it had estimated.

The bottom line is fewer cigarettes are being sold, and the city is making more money. "The mayor is very pleased," said Jordan Barowitz, a mayoral spokesman. "We sold half as many packs of cigarettes, and revenues have gone up fivefold."

<http://www.nytimes.com/2002/08/06/nyregion/06TAX.html?ex=1029633543&ei=1&en=180e4f296b88cc02>

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