

Bakery, Confectionery and Tobacco Workers International Union

10401 CONNECTICUT AVENUE, KENSINGTON, MARYLAND 20895-3961
TELEPHONE (301) 933-8600 FAX (301) 946-8452

FRANK HURT
INTERNATIONAL PRESIDENT

For Immediate Release
September 16, 1993

Contact: Lisa Merman
(202) 452-9531

TOBACCO UNION PRESIDENT OPPOSES 75 CENT CIGARETTE TAX INCREASE

(Washington, D.C.) The Bakery, Confectionery and Tobacco Workers International Union (BC&T) announced today that it opposes the Clinton Administration's proposal to raise the federal cigarette tax by 75 cents to pay for health care reform.

"Our union and our members wholeheartedly support President Clinton's efforts to reform our nation's health care system," said Frank Hurt, BC&T international president. "However, such reform must be financed in a way that is fair to all Americans. Quadrupling the federal cigarette excise tax is not."

AFL-CIO Legislative Director Robert McGlotten added, "The AFL-CIO will be working towards a health care financing package that is both progressive and fair; we will be working towards a plan that does not rely unduly on fiscally unsound excise taxes -- taxes that would be both unfair to the consumer and potentially devastating to a particular region or industry."

According to Hurt, such an increase will cost over 80,000 tobacco sector jobs nationwide and approximately \$6 million in payroll losses. In addition, the negative effect of a tobacco tax increase will be felt far more heavily in the South.

"The figures show that a 75 cent increase in federal tobacco taxes will be devastating to the southern economy, costing 3.5 times as many jobs in the South than in the rest of the U.S. Singling out one industry and one region of the country in this manner is just plain unfair," said Hurt.

In addition, Hurt emphasized that excise taxes on tobacco are a poor revenue source for health care reform because as the tax increases, the revenue raised begins to fall. But, said Hurt, "health care costs go in only one direction -- up."

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TICT 0004504

"To make something as important as health care reform dependent upon something as unreliable and unstable as tobacco taxes is a mistake. After all, we would not finance unemployment insurance, social security or Medicare in this manner. How can we entrust the nation's health care system to this type of financing mechanism?" Hurt said.

The Bakery, Confectionery and Tobacco Workers International Union represents over 120,000 workers in the bakery, confectionery and tobacco industries in the United States and Canada. The union's Executive Board is meeting in Washington, D.C., September 16-17.