

Rising cost of taking a puff

Pack of cigarettes will go up another \$1.60 as state excise tax rises to \$4.35

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ALBANY -- Smoke 'em while you can afford 'em: After July 1, a pack of cigarettes will cost New Yorkers another \$1.60, bringing the state's excise tax from \$2.75 to \$4.35.

Lawmakers on Monday passed the tax hike along with a controversial measure that will trigger tax collections on Indian reservations starting Sept. 1.

The tobacco tax increase marked the latest budgetary victory for Gov. David Paterson, who has been forcing through parts of his 2010-11 spending plan one week at a time in lieu of the full year's budget, which was supposed to be completed April 1.

This week, however, Paterson did not include the tax hike in one of the extender bills. Lawmakers have to pass the extenders -- which include basic items like the public payroll -- in order to keep the state operating.

But the higher cigarette tax was offered in a separate nonbudget bill, one that also included something lawmakers had long wanted: a move to start taxing tobacco sales on Indian reservations.

"Prior governors were not able to get something as simple as (enforcement of) our tax laws," said Sen. Jeff Klein, D-Bronx/Westchester.

Senators passed the measure along party lines, with 32 Democrats voting yes and all 29 Republicans present voting no. In the Democratic-dominated Assembly, the bill passed 77-64.

The vote came after tobacco lobbyists flooded the Capitol, trying for a last-minute halt to the tax hike.

And while the industry also has supported taxing Indian tobacco sales, some noted that Paterson's measure appears to give extraordinary powers to the governor when it comes to negotiating how the Indian sales will be taxed.

"The Indian tax collection should have been negotiated," said Sen. Bill Stachowski, D-Buffalo.

"It's wrong," said Assemblyman William Magee, D-Nelson, whose district includes parts of Oneida County, where he said the Oneida tribe operates 13 tax-free gas stations.

"Such a power grab violates the fundamental principles of the New York constitution," said David Sutton, spokesman for Altria, parent company of Philip Morris, of the idea that the governor could negotiate with the tribes alone.

Despite that, a majority of lawmakers said raising the tax will bring in needed revenue, and it might deter some New Yorkers from smoking.

Sen. Ruth Hassell-Thompson, D-Bronx, said she objected to taxing the tribes but would vote for the measure "under duress."

"It's really hard to defend cheap cigarettes," added Sen. Diane Savino, D-Staten Island, who said she started smoking as a youngster when a pack was less than \$1; she quit, then took it up again three years ago. "This is like heroin," she said.

The excise tax is separate from state sales taxes and any local sales taxes that might apply. With New York City's own excise tax, a pack of name-brand cigarettes should now go above \$10 in the city.

Taxes on other tobacco products such as cigars, chewing and pipe tobacco and pipe tobacco, will rise from 46 percent to 75 percent. Those increases are scheduled to take effect Sept. 1.

Also Monday, the Senate passed a set of budget bills approved by the Assembly on Friday covering sectors such as environmental protection, government aid, economic development and transportation.

New York faces a \$9.2 billion deficit. If lawmakers don't complete the budget this week, Paterson has said he would present them with his entire spending plan next Monday as part of that weekly appropriation. If that is the case, lawmakers would have to accept his full 2010-11 budget or risk voting for a government shutdown.