



April 29, 2010

## **An Open Letter to the South Carolina Legislature: Oppose Tax Hikes on Cigarettes, Vote to Sustain Gov. Sanford's Veto!**

Dear Legislator:

On behalf of the National Taxpayers Union's nearly 4,400 members in South Carolina, I urge you to sustain Governor Sanford's veto of the 50-cent-per-pack tax increase on cigarettes and stand up for the citizens and businesses of your state.

A tax hike on cigarettes is definitely not what South Carolinians need, especially in the midst of a painful recession. Raising the tax from seven to 57 cents in this economic climate would hammer individuals and businesses alike, particularly the poor and small businesses. Your vote to sustain the veto of this misguided proposal would send a clear message to taxpayers that you believe the best way to solve South Carolina's budget woes is to trim spending, rather than raise taxes.

While some see cigarettes as easy targets for taxation, the reality is that tobacco tax hikes are very burdensome to small businesses and the poor. Additionally, these tax increases rarely, if ever, produce the promised revenue. Currently, South Carolina has the lowest cigarette tax rate in the nation. But if enacted, this tax increase would suddenly put South Carolina's convenience stores at a competitive disadvantage, as their cigarettes will cost more than those sold in the neighboring state of North Carolina. When South Carolina's unemployment rate stands at nearly 13 percent, a job-killing tax increase on small businesses is particularly ill-advised.

This recessionary tax increase will impact far more than the small business community. Since the poor are more likely to smoke, South Carolina's low-income families, especially those who live along the depressed Interstate 95 Corridor, will disproportionately feel the pinch of this tax. With a federal cigarette tax increase already having taken effect, this tax increase would amount to a one-two punch aimed at South Carolina's worst-off citizens. Furthermore, as the combined federal-state cigarette levy climbs and consumption decreases, South Carolina will be faced with a dwindling pot of revenues. That's all the more reason why policymakers should instead focus on spending restraint and tax reform to keep the state's fiscal condition healthy over the long term.

Taxpayers are counting on you to do what's right for South Carolina by sustaining Governor Sanford's veto of the 50-cent-per-pack tax increase on cigarettes. Burdening the people and businesses of your state is no substitute for honest fiscal discipline.

Sincerely,

John Stephenson  
State Government Affairs Manager