

FOR IMMEDIATE RELEASE

CONTACT: John Kartch

8 JANUARY 2009

202-785-0266

Congress to Force Obama to Break Word to Taxpayers Faster than a New Year's Resolution?

Cigarette tax increase to fund S-CHIP expansion would hurt exactly the constituency that was promised "you will not see a single dime of your taxes go up!"

WASHINGTON, D.C. – The 111th Congress is less than a week old, and already the first tax increase has been put on the table. As the Democratic leadership is indicating, the House of Representatives may vote on a 156 percent increase in the tax on cigarettes to fund the expansion of the State Children's Health Insurance Program (S-CHIP) as early as next week.

Lofty promises were made during the 2008 campaign that nobody making more than \$200,000 would see their taxes go up in the 111th Congress. However it is clear that a tobacco tax increase stands to hurt the very constituency that was promised no new taxes. Industry figures indicate that more than half of all smokers qualify as "working poor", with one in four living below the poverty line.

"Congressional Democrats must not think very highly of President-elect Obama, because they must assume that he will sign into law what he solemnly promised he would not let happen: a tax increase on middle- and lower-income Americans," said Grover Norquist, president of Americans for Tax Reform. "It is quite brazen to want to turn the President-elect's campaign promises into empty rhetoric, in fact, a ruse in the eyes of the American people. Yet that is what will likely happen in order to fund the expansion of an already flawed program."

Taxpayer advocates point to the absurd rationale of discouraging a behavior on the one hand, while at the same time relying on its continuance as a revenue stream. With cigarette sales already in steady decline, a recent Heritage Foundation study has found that over 22 million new smokers would need to take up the habit to fund the planned S-CHIP expansion.

"Given the recent trends, 22 million people will not start smoking, but rather, more will quit if the tax rate goes up. You don't have to be a rocket scientist to figure out what will happen when revenues from the tobacco tax hike dry up. The cigarette tax increase is merely a placeholder for the next tax increase," continued Norquist. "Rather than making the President-elect renege on his word even before he takes office, Congress should look to free-market health care alternatives."

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at jkartch@atr.org.

###