



## **HARRISBURG REGIONAL CHAMBER & CREDC<sup>SM</sup>**

### POSITION STATEMENT

#### Governor's Proposed Smokeless Tobacco and Cigars Tax

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#### **Background:**

Governor Rendell recently proposed a tax on cigars and smokeless tobacco (snuff and chewing tobacco) that would be thirty percent of the wholesale value. The projected new tax revenue from cigar and other tobacco products would be \$41.6 million for fiscal year 2010-2011 and would continue to increase in future fiscal years.

In 2009, Act 48 was passed which levied a tax on little cigars at the same rate as cigarettes. The tax generated an estimated \$15.3 million in fiscal year 2009-2010 and is estimated to raise \$25.3 million in fiscal year 2010-2011.

#### **Reasons to Support:**

- The purpose of the tax would be to raise additional revenue for the 2010-2011 Pennsylvania State Budget as well as additional future budgets.
- The revenue generated would be dedicated to the Stimulus Transition Reserve Fund. The Stimulus Transition Reserve Fund is a fund that is suppose to help fill the budget hole in future State Budgets due to federal stimulus funds that end that year.
- The tax would rectify the current tax structure that currently only taxes little cigars and cigarettes.

#### **Summary:**

The Harrisburg Regional Chamber & CREDC supports a tax on cigars and smokeless tobacco that would not tax existing inventory but only tax sale of cigars and smokeless tobacco.

#### **Chamber Position:** SUPPORT

**Date:** March 4, 2010

**Chair:** Scott Shearer

**Committee:** Tax

**Date:** April 1, 2010

**Chairs:** Sheilah Borne, Deb Suder

**Committee:** Government Relations

**Harrisburg Regional Chamber Board of Directors:** April 14, 2010