

Pataki seeks 1-year delay in ending Indians' tax-free cigarette sales

By TOM PRECIOUS, News Albany Bureau
1/18/2006

ALBANY - Gov. George E. Pataki said Tuesday he will seek to delay for a year implementing a state law that ends tax-free sales of cigarettes by Indian retailers to non-Indians. Legislators, health groups and non-Indian retailers have been trying to have the taxes collected for more than a decade.

Pataki's effort to delay enforcement of the law - due to take effect March 1 - came on the same day he formally proposed a \$1-per-pack cigarette tax increase. Critics say delaying the reservation tax collection at the same time the tax is increased is certain to increase tax evasion and bootlegging.

Not surprisingly, Indian leaders praised the two seemingly contradictory proposals, which were contained in Pataki's 2006 state budget plan. Over the years cigarette sales have become a major business for Seneca Nation shops and Internet operations, with smokers from around the state turning to Seneca retailers to avoid state taxes. The governor's new tax plan would take the level to \$2.50 per pack.

"The Seneca people commend the governor for his consistent position over the years of recognizing the unique, legal sovereign status of the Seneca Nation," said Seneca President Barry Snyder Sr.

Non-Indian retail groups said the governor is sending mixed messages by raising the tax but not doing more to reduce bootlegging and Indian tax-free sales. "This is an act of breathtaking cynicism," said James Calvin, president of the New York Association of Convenience Stores.

"Let's drive tens of thousands more smokers to the unlicensed, unregulated, untaxed side of the street no matter how harmful it is to public health, state and local treasuries, or neighborhood convenience stores," he said.

Health groups criticized the governor's delay. "It's a mistake," said Russell Sciandra, director of the Center for a Tobacco Free New York. "We think failing to collect the tax will reduce the public health impact of the tax increase."

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