



New York Association of Convenience Stores  
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September 1, 2010

Hon. David A. Paterson  
Executive Chamber  
State Capitol  
Albany NY 12224

Dear Governor Paterson:

We share your deep disappointment in the federal and state court rulings on the cigarette tax collection issue. We were looking forward to a level retail playing field finally being restored. We nonetheless commend you for your courageous leadership on this issue, and look forward to supporting your efforts to lift the temporary restraining orders.

However, in light of these court rulings blocking the start of tax collection on Indian sales of cigarettes to non-Indians, the New York Association of Convenience Stores respectfully requests that you temporarily suspend the cigarette excise tax increase that was enacted July 1.

The double-edged bargain you made with the Legislature in June was to sharply increase the cigarette tax rate on July 1, but to mitigate its negative effect on tax-collecting retailers by capturing taxes on tribal sales to non-Indians starting September 1. If one side of this bargain has been placed on hold, it's only fair that the other should be put on hold as well.

Mom-and-pop stores have lost 25% to 45% of their cigarette unit sales since the tax hike took effect, virtually all of it because of the ensuing wave of cigarette tax evasion it triggered. They shouldn't have to continue to endure this economic hardship while courts allow their Native American competitors to keep thumbing their noses at New York State's tax law.

With grateful appreciation for your leadership and initiative on the tax fairness issue, NYACS respectfully urges you to issue an executive order suspending the July 1 cigarette tax hike until full and fair tax collection begins.

Sincerely,

A handwritten signature in blue ink that reads "James S. Calvin". The signature is written in a cursive, flowing style.

James S. Calvin  
President