

TEF NEWS RELEASE

TAXPAYER EDUCATION FOUNDATION

407 S. Dearborn Street • Suite 1170 • Chicago, IL 60605-1150 • Fax: (312) 427-5139
• www.taxpayersunited.org • E-mail: tobin@taxpayersunited.org

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Contact: Jim Tobin (773) 354-2076
(312) 427-5128

OBAMA'S PROPOSED CIGARETTE TAX INCREASE A PAYOFF TO TEACHER UNIONS

CHICAGO—President Barack Obama's proposed increase in the federal cigarette tax from \$1.05 to \$1.95 on each pack of cigarettes will severely impact low and moderate income smokers and is a payoff to teacher unions, according to Jim Tobin, President of the Taxpayer Education Foundation headquartered in Chicago.

"Pres. Obama (D) already has broken his promise not to raise taxes on low and moderate income taxpayers," said Tobin. "Now, according to the *Wall Street Journal*, his proposed cigarette tax hike, which would raise taxes \$78 billion over 10 years, would be used to expand the ineffectual and wasteful preschool education programs. This is a blatant payoff to teachers' unions, who were among the biggest contributors to his campaigns, and who are a solid voting bloc for him and other Democrats."

"Low and moderate income taxpayers are more likely to smoke than high income taxpayers, so this proposed tax increase would hit them especially hard," said Tobin.

"Raising the federal cigarette tax would induce even more smokers to buy their cigarettes in areas that have the lowest total taxes, driving additional sellers out of business."

"Additionally, this tax hike would further encourage the growth of the black market in cigarettes, filling the coffers of the crime syndicates."

"Taxpayers have had it with higher taxes. Despite his promise to the contrary, Pres. Obama has raised taxes on the very groups he swears to 'strengthen'. The payroll tax increased by 44% for 100% of earnings for middle and low earners, while the high income earners are capped at \$113,700. The economy is still in the tank, unemployment remains high, and it's time to rescue taxpayers with tax cuts. Tax increases are the last thing they need at this time."