



NEW YORK STATE SENATOR

Craig M. Johnson

Senator Johnson: New York Can't Afford to Give Up on Indian Cigarette Tax Revenue

CRAIG M. JOHNSON August 20, 2009

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Chairman of Senate Investigations and Government Operations Committee Calls Fall Hearing on the State of Negotiations; Possible Legislative Assistance

Senator Craig M. Johnson, chairman of the Senate Standing Committee on Investigations and Government Operations, announced today plans to

hold a hearing on the state's long-unsuccessful attempts to collect taxes from cigarettes sold to Non-Native Americans on Indian reservations.

This move was prompted by news that the Paterson Administration has quietly written off collecting this revenue -- a move that is in direct violation of a law that the governor himself signed last year. The failure to collect this revenue is costing the state \$65 million this year, according to the state Office of the Budget.

Non-collection of this tax revenue from Native American retailers has long been an issue in New York that has confounded several administrations. Senator Johnson, however, contends that the current economic crisis, and budget deficit, make a resolution vital.

“We literally can't afford to look the other way, nor should the state Department of Taxation and Finance ignore a law that is barely a year old,” Senator Johnson, (D-Nassau,) said. “This Committee wants to be helpful in finding a solution, but the public also deserves to know where things stand between the state and Native American retailers and why there has yet to be an agreement.”

Other states – most recently Florida – have been able to reach tax collection agreements with their local Indian nations on this issue.

Senator Johnson was joined in this call for a hearing by fellow committee members Deputy Majority Leader Jeff Klein, (D-Bronx/ Westchester,) and Senator T. William Stachowski, (D-Lake View.) Both senators sponsor legislation that would stem the sale of tax-free cigarettes and further strengthen enforcement of current laws.

"Our state has already lost hundreds of millions of dollars by not cracking down on Native American cigarette retailers. It's time to stop losing money and start collecting it," said Deputy Majority Leader Klein. "I believe a public hearing is the next logical step and the best way to find a solution to this problem."

"I absolutely agree with calling for a public hearing on the issue of collecting state taxes on sales made on native territories," Senator Stachowski said. "Governor Paterson has repeated time and time again that we are faced with a financial deficit of record proportions. The Supreme Court of the United States has ruled that the collection of taxes is

legal on Indian lands, so why would we not pursue this?"

The hearing will take place in Albany this Fall. It will be set pending scheduling and the date of the Governor's expected special session.