



NEW YORK STATE SENATOR

Craig M. Johnson

Hearing on State's Non-Collection of Indian Cigarette Taxes Set for Oct. 27

CRAIG M. JOHNSON October 1, 2009

| ISSUE: **TOBACCO**

| COMMITTEE: **INVESTIGATIONS AND GOVERNMENT OPERATIONS**



The Senate Standing Committee on Investigations & Government Operations will be holding a hearing on the state's inability to collect taxes from cigarettes sold to Non-Native Americans that originate from Indian Reservations Oct. 27 at Manhattan Community College, the committee's chairman, Senator Craig M. Johnson announced.

The hearing will begin 10:30 a.m. at the college's Richard Harris Terrace Building, 199 Chambers St., New York, NY.

“The failure to secure this badly needed revenue continues as other states – most recently Florida – have been able to reach tax collection agreements with their local Native American nations,” Senator Johnson, (D-Nassau), said. “This committee wants to be helpful in crafting a solution to this problem, but first we – and the public – need to be apprised of where the state and the nations stand.”

According to the state Office of the Budget, the failure to collect this revenue is costing New York \$65 million this year.

Years after the courts affirmed a state's right to collect taxes generated by the sale of cigarettes by Native Americans to non-Native Americans at licensed "smokeshops" and over the Internet, the state Department of Taxation and Finance has been stymied in its tax collection efforts. This non-collection issue persists despite a law passed last year that required these taxes to be collected.

There has also been concern that the current situation has made it easier for criminal activities, such as bootlegging and the sale of counterfeit cigarettes, to flourish. Recently, the United States Attorney for the Eastern District of New York has pursued suspected cigarette smugglers associated with the Poospatuck Tribe. This network's alleged ringleader, Rodney Morrison is currently facing serious criminal charges in federal court.

The hearing will be live streamed on the Senate's Web site, www.nysenate.gov.