

Nelson Eusebio
Chairman of New Yorkers Against Unfair Taxes and
Executive Director of the National Supermarket Association
Offers Public Testimony in Support of Honest, Fair, and Responsible Economic/Health Policy,
and in **Opposition to the Sugar Beverage Tax**

At a Hearing Before the Senate Standing Committee on Health
January 22, 2010

Good morning Chairman Duane and Members of the Standing Committee on Health. Thank you for the opportunity to again express my strong opposition to the proposed sugar beverage tax, and **to issue a renewed call for honest, fair and responsible** economic and health policies that reflect the will of New Yorkers; aid them in their struggle to persevere during these tough economic times; and respect the freedom they enjoy to pursue their own healthy choices.

I am Nelson Eusebio, the Executive Director of the National Supermarket Association. And because of the persistent threat that food and beverage taxes have posed to our businesses, our communities, and our great state of New York, I have been compelled to add to my list of titles and responsibilities: "Chairman of New Yorkers Against Unfair Taxes," **a coalition of concerned New Yorkers – hard working individuals, struggling families, and already burdened small businesses – opposed to any tax increases on juice drinks and soda.**

Since Governor Paterson's first tax assault on juice drinks and soda, New Yorkers Against Unfair Taxes has been busy. It is important work, and it is an honor to speak on behalf of such a vital New York business sector.

New Yorkers Against Unfair Taxes has a simple, declarative mission...to prevent the enactment of unfair and misdirected beverage tax increases that could cost our state over thousands of jobs.

We all agree. **New Yorkers are already among the highest taxed citizens in the nation.** We can't tolerate a regressive tax that disproportionately targets middle and lower income New Yorkers. **Albany has gotten themselves into a serious mess with the budget and we cannot afford to bail them out!**

We issued the call to all New Yorkers to join us in opposing a tax, which would have had a devastating affect on jobs and families in the state.

And in just one month, the response was overwhelming. Grassroots took hold and multiplied. So, too, our membership list of small, family-owned and operated businesses...AND thousands of citizens from every region in the state.

We made quite a ruckus. ***And as is supposed to happen in a properly functioning democracy, Albany listened. And acted.***

And so, ***just 11 months ago***, the Governor and the legislative leadership called a press conference to declare the proposed 18 percent tax hike abandoned, and to offer a renewed pledge to “alleviate the burden” on hard-working New Yorkers.

Just 11 months ago, Governor Paterson, Speaker Silver, and Majority Leader Smith acknowledged that the soda tax had “disturbed” and “frustrated a lot of New Yorkers.” And again, they were right to do so.

Just 11 months ago, we thanked the Governor for his decision to pull the devastating soda tax from his budget, and we thanked him for his commitment to hardworking New Yorkers, who, in his own words, “need relief.”

For the citizens of New York, it was a short-lived victory...***Just 11 months ago***.

Perhaps you can imagine our frustration, dismay, and confusion when we learned at the beginning of this week that sodas and sports drinks are the focus of yet another – but even more onerous – predatory tax...from the same governor, and for the very same underlying reason as last year: ***to balance a poorly managed and recession-pummeled state budget.***

The Governor may exhibit little faith in our collective memory, but the people of New York could not tolerate anymore taxes ***just 11 months ago***. So, what, exactly, has changed in the intervening period?

Not the economic climate, that’s for sure. It’s still quite fragile. Our businesses continue to hang in the balance, and we remain among the highest taxed people in the country.

And in few places is the hardship felt more strongly than in our industry. It has always been this way; the exorbitant cost of doing business in New York has already taken a major toll on the state’s small supermarkets and neighborhood bodegas, with more than 2,300 bodegas closing over the past four years representing a loss of more than 8,500 jobs.

The facts are established, and the data is incontrovertible. But if you are looking to stimulate the senses with some real-world confirmation, just stroll through most any neighborhood in

one of the five boroughs later today, and you will see iron gates where once stood thriving storefronts.

In addition to the bodegas, more than one-third of our city's supermarket owners have had to close their doors in the past five years.

We represent 400 independent supermarket owners of the tri-state area. And our office is the nerve center of the supermarket industry. We're constantly getting phone calls, faxes, and e-mails from our membership. Telling us just how tough it is to make it in New York. Right now, never mind with these new taxes.

Doing business in New York every year gets tougher and tougher. As a result, we have a lot of stores leaving the city, leaving the state, moving down to North Carolina, South Carolina, Georgia, Florida. Up and down the length of the I95 corridor, you will find a lot of stores run by *former* New Yorkers.

It's tragic. And it's unsustainable; our state cannot afford to lose even one more job right now.

When does it end???

So, shouldn't we be encouraging a business-friendly climate?

Shouldn't we be promoting the success of small and family-owned businesses, and neighborhood commerce in general?

And shouldn't we be devising ways to ease the burden of those businessmen and businesswomen who run these establishments to all of our benefit?

Isn't it the job of government – especially during times of acute economic crisis – to remove obstacles, and facilitate fruitful business?

I'd think so. My members certainly think so, and so do the many New Yorkers with whom we come in contact daily.

Honestly, where is the relief that we are well within our rights as taxpayers to expect?

Levying a new tax on a severely crippled industry is just not going to cut it. The result is certain and predictable: additional lost revenue, higher operating expenses, vanished jobs, FAILURE.

And these are just some of the reasons why New Yorkers this week have overwhelmingly rejected both the concept and the name, Sugar Beverage Tax, and have opted instead for a bit of “truth in advertising”, swiftly labeling it the ***Stifle Business Tax***.

This entire tax scheme will have a trickle-down effect that I can’t believe the governor has soberly contemplated.

A tax on beerages is a regressive tax, burdening lower-income consumers disproportionately more than others. In fact, Bureau of Labor Statistics data demonstrates that half of a tax imposed on nonalcoholic beverages would be paid by households earning less than \$70,000 per year. The burden of a beverage tax on the lowest income households is ***six times higher*** than for the highest income households.

So, why would it be fair to force our lowest income households – my lowest income customers – to carry the brunt of New York’s budget deficit?

WE APPRECIATE YOUR TIME, AND DO HOPE YOU’RE LISTENING

11 months ago in Albany, at the Governor’s press conference announcing the scrapping of the original soda tax, Majority Leader Smith declared, “New Yorkers have input in the process, and we are listening.” Our inclusion here today seems to put the truth to that statement.

Please continue to listen, as most New Yorkers are united in their opposition to additional unfair taxes.

Many thanks for your time.