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March 10, 1986

The Honorable Robert Tucker
Chairman
House Committee on Finance
State House
Providence, RI 02903

Re: 86-H 8497
An Act Relating to Health, Education and Substance
Abuse Prevention

Dear Bob:

I am writing on behalf of The Tobacco Institute to express our opposition to the above act which was introduced by Representative Ferry and others. This bill would increase the Rhode Island cigarette excise tax by 1.6 cents per pack and would earmark a total of \$1.4 million to three separate state departments to administer this program.

At 23.4 cents per pack, Rhode Island's current cigarette excise tax is one of the highest in the country. In light of the state's surplus, it is inherently unfair to place additional financial burden on a selected industry as well as on selected Rhode Island consumers. Studies have repeatedly demonstrated the regressive nature of the cigarette excise tax inasmuch as the tax burden falls predominantly on lower income individuals.

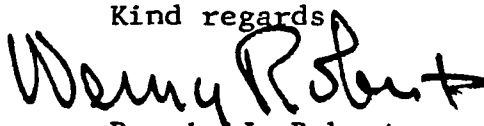
We are also strongly opposed to the provisions of this bill which would create another segregated fund from the cigarette excise tax revenues. As you are well aware, earmarking particular taxes for special projects will reduce the flexibility and discretion of the Governor and the General Assembly to annually appropriate the state's resources. If

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public support of this particular program is warranted, it should be subject to the annual budget process.

If hearings are to be held on this bill, I would appreciate receiving advance notice of the date and time for the hearing in order to further present the views of The Tobacco Institute on these issues. I appreciate your consideration of our position.

Kind regards



Dennis J. Roberts

DJR:sb

cc: The Honorable Matthew Smith
The Honorable Joseph DeAngelis
The Honorable Robert Bianchini