

Bredesen wants to raise cigarette tax

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By ERIK SCHELZIG
Associated Press Writer

NASHVILLE, Tenn. (AP) -- Gov. Phil Bredesen said Tuesday he may propose a hike in the state's cigarette tax to pay for an unspecified new program he plans to unveil during his State of the State speech next month.

The governor did not say how much he would want to increase the current 20-cents-per-pack tax, but stressed that it would not be linked with a decrease in the state's sales tax on groceries.

Bredesen said in an interview with The Associated Press on Tuesday that "the time is ripe for considering" an increased tobacco tax, both to discourage smoking and to pay for the new program.

Just hours Sen. Ron Ramsey's election as Senate speaker Tuesday, the Blountville Republican acknowledged that the state's cigarette tax is among the lowest in the country, and that "the time will probably come when that has to be raised."

Ramsey said the debate over the new cigarette tax revenue will come down to "where that money goes."

Other than potential new revenue from a cigarette tax increase, the upcoming budget year is likely to be less accommodating for large new programs, Bredesen warned.

The budget is "not a disaster, but it's certainly tighter than last year was," he said.

Bredesen said he expected state tax collections to grow by about \$400 million for the next budget year beginning July 1, a slower rate of growth than seen for the current year.

That doesn't mean there will be any shortfalls in covering operating expenses, Bredesen said. But it might limit ambitious plans the governor has proposed in several areas including education.

"Certainly you're not going to get everything you want, but we're going to be able to tackle many things, and I'll be able to get one or two things that I want to get," he said.

Bredesen said he wants to increase the state's pre-kindergarten program each year of his second term so the state will have universal optional pre-K access by the time he leaves office. He also wants to create a program to allow students with C averages to get scholarships for community colleges.

That plan may need to be rolled out on a limited basis until the state can afford to offer what could be up to a \$25 million per year scholarship proposal, he said.

"The basic question is going to be: 'Do you do it statewide and just cap the enrollment to it, or do you pick some communities and try to offer it to anybody in those communities?'" Bredesen said. "My preference is the former if that works."

An increase in the state's gasoline tax is not likely this year, Bredesen said, but it could become a necessity before he leaves office.

"I think I've always been clear that probably at some point it needs to be raised, and certainly if it were driven by the availability of federal money I wouldn't have any hesitation in doing it," he said.

The governor said he's "not ideologically opposed" to reducing the state's food tax, but that he has other priorities - especially those having to do with education and health care - that trump that tax cut.

"Reducing the tax (on food) has this cache about being about really helping the lowest-income people. I don't think it does a particularly good job of doing that," Bredesen said. "If I were poor and had my children and my family, I think I'd rather have good schools for my kids to go to than a buck less a week or something on my

grocery bill."

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