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Tobacco Taxes Finance Terrorism

Tobacco-tax-hiking politicians have created a situation in which lighting a cigarette is like igniting the fuse on a bomb.

The next terror attack on America could be a self-inflicted wound — specifically, a cigarette burn.

Politicians expand tobacco taxes to discourage smoking and to feed their own nicotine-like addiction to public spending. Like so many others, this government action smolders with unintended consequences. Tobacco taxes create a perfect arbitrage opportunity that radical Muslims exploit to collect money for terrorist groups that murder Americans and our allies. Tobacco taxes should be cut, or at least frozen, before they fuel further Islamic-extremist violence.

Consider the first attack on the Twin Towers, which killed six and injured 1,040. As Patrick Fleenor recalled in a Cato Institute [study](#), “counterfeit cigarette tax stamps were found in an apartment used by members of the Egyptian Islamic Jihad cell that carried out the 1993 bombing of the World Trade Center.”

Smugglers buy cigarettes in low-tax states, disguise them with bogus tax stamps, sell them in corresponding high-tax [locales](#), and pocket the difference. A \$2.70 spread separates Virginia’s 30-cent-per-pack cigarette tax and Connecticut’s at \$3.00. Driving 1,500 cigarette cartons (ten packs per carton) from Arlington to Hartford yields \$40,500 per trip.

This incentive grows as tax-hungry politicians raise tobacco levies to finance government spending. President Obama signed a 62-cent-per-pack federal cigarette-tax increase — from 39 cents to \$1.01. This violated Obama’s solemn [pledge](#) that families earning less than \$250,000 “will not see any of your taxes increase one single dime.”

Gov. David Paterson (D., N.Y.) wants to boost per-pack taxes from \$2.75 to \$3.75. Assemblyman Michael Den Dekker (D., Queens) proposes a one-penny “deposit” on every cigarette, or 20 cents

per pack. This is refundable, if smokers drag their cigarette butts back from whence they came. If Paterson and Den Dekker prevail, add Gotham's \$1.50-per-pack tax and Uncle Sam's take. Manhattan smokers could pay \$6.46 per pack in taxes alone!

Terrorists move cigarettes because they are light, portable, and otherwise legal, and produce cash. "Law enforcement officials in New York State estimate that well-organized cigarette smuggling networks generate between \$200,000-\$300,000 per week," a 2008 House Homeland Security Committee Republican staff report concluded. "A large percentage of the money is believed to be sent back to the Middle East, where it directly or indirectly finances groups such as Hezbollah, Hamas, and al-Qaeda."

- The notorious "Lackawanna Six" Islamic-terror cell reportedly traveled in 2001 from Buffalo to al-Qaeda's al Farooq training camp in Afghanistan. They scored \$14,000 in travel money from Aref Ahmed, a former gas-station operator who was among five defendants convicted in 2004 for cigarette trafficking and money laundering.
- Mohamad Hammoud was convicted in June 2002 on federal charges of materially supporting terrorism. His brother, Chawki, was convicted on related charges, and eight others pled guilty in this case. These conspirators bought cigarettes in North Carolina, which then had a 5-cent-per-pack tax, affixed phony tax stamps, and then sold them in 75-cent Michigan. Over four years, this 70-cent tax spread yielded a \$1.5 million profit, part of which this gang forwarded to Hezbollah, along with laptops, night-vision goggles, stun guns, blasting equipment, and more.
- Last May 5 and 6, New York State Department of Taxation and Finance agents arrested Khader Awawdeh, Fahmi Hassan, Hakim Al-Saydi, and Dhafer Ghaleb in the Bronx. Collectively, officials say, they possessed 1,924 illicit cigarette cartons and 36,832 counterfeit tax stamps.
- Hazam Ali Ahmed pled guilty on May 20 to 16 federal firearms, conspiracy, cigarette-smuggling, and money-laundering charges. In one scam, the naturalized former Yemeni hustled some 20,000 cigarette cartons and harnessed the \$1.38 margin between Tennessee's 62-cent-per-pack tax and Michigan's current \$2.00 tax. His Knoxville-to-Detroit operation reportedly cost Tennessee and Michigan some \$500,000 in tax revenue. An FBI Joint Terrorism Task Force wiretap caught Ahmed recruiting for al-Qaeda and discussing blowing up a shopping center.

Despite cigarette taxes' clear and present danger, elected officials simply want more spending money. Many echo former Michigan state senator Joel Gougeon, who once told WNEM TV: "I

acknowledge that we're making that law enforcement issue more difficult, but offsetting that is our need in the budget.”

As an asthmatic who hates the piercing stench of tobacco smoke, I find myself in rare agreement with those whose product makes me sick. Nonetheless, the tobacco industry's convincing case for cutting or freezing cigarette taxes is a matter of life and death. Tobacco-tax-hiking politicians have unwittingly created a potentially lethal situation in which lighting a cigarette is like igniting the fuse on a bomb.

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