

February 19, 2009
FOR IMMEDIATE RELEASE

Jewelers of America Initiates Luxury Tax Offensive

Association urges members, industry stakeholders, to contact New York and Illinois state legislators

New York, NY – Jewelers of America, the national trade association for businesses serving the fine jewelry retail marketplace, has initiated a letter writing and fundraising campaign to oppose the introduction of several state luxury tax proposals on jewelry and watches. New York State's luxury tax measure is part of the state's larger budget bill (*S00060*), whereas the State of Illinois bill (*HB0451*) is a specific piece of legislation drafted solely to create a luxury tax. Both bills would add a 5% luxury tax to all jewelry and watch purchases over \$20,000.

“Studies of the last national luxury tax, which was repealed in 1993, proved that it raised virtually no revenue because it was so complex to administer,” says Jewelers of America President and CEO Matthew A. Runci, who was part of an industry coalition that defeated the measure. “In addition, reduced sales caused by the luxury tax precipitated layoffs in affected industries, which increased unemployment costs.”

Runci also noted that studies of past luxury taxes indicate many consumers mistakenly believe all jewelry and watches are subject to the luxury tax, which further dampens demand for these products, and ends up harming even businesses that sell less expensive jewelry and watches.

“At a time when the jewelry and watch industries are facing severe challenges due to the worldwide economic slowdown, the last thing we need is a discriminatory tax that penalizes businesses and workers only in certain industries,” Runci says.

Jewelers of America recently joined forces with the American Watch Association to oppose the luxury tax in New York State. The associations have hired a lobbyist in the state capital of Albany to advocate on the industry's behalf. The groups have each written to their members, enclosing sample letter-petitions and the addresses of New York State legislators. The associations have urged members to collect signatures from all of their employees to

add to the letter-petitions, to underline the effect that a luxury tax could have on workers in the jewelry and watch industries.

Jewelers of America has additionally galvanized its member stores in Illinois with a similar letter-petition campaign directed against the luxury tax legislation introduced there.

The Stop Luxury Taxes Fund

To fund lobbying efforts, Jewelers of America has also started a **Stop Luxury Taxes** fund, and has asked leading retailers, jewelry and gem suppliers, watch companies and associations to contribute. The fund will be used to engage local advocates in state capitals where luxury bills are introduced. These advocates will monitor legislation and speak out on behalf of the jewelry and watch industries. Contributors will be kept apprised of efforts made, monies spent, and progress on all legislation.

In a letter to potential contributors, Runci wrote, "In this period of acute fiscal distress for many state governments, there is every reason to believe that other states may entertain similar luxury tax measures [as New York and Illinois], thus we must act urgently and purposefully to oppose such measures."

Get Involved

To obtain the sample New York or Illinois luxury tax letter-petitions and key legislators' contact information in either state, industry members are urged to contact Jewelers of America's public affairs department: Peggy Jo Donahue, director, pjdonahue@jewelers.org, (646) 658-5802; or Susan Thea Posnock, manager, sposnock@jewelers.org, (646) 658-5806.

To contribute to the **Stop Luxury Taxes** fund, please email Jewelers of America via Sharie Fogarty, assistant to the president and CEO, sfogarty@jewelers.org.

About Jewelers of America

Jewelers of America is the national trade association for businesses serving the fine jewelry retail marketplace, representing 11,000 member stores. Jewelers of America's primary purpose is to improve consumer confidence in the jewelry industry by: serving as a forum for discussion and analysis of issues; playing a leadership role in public, government and industry affairs; advocating professionalism, including high ethical, social and environmental standards; and facilitating members' access to education. For more information about Jewelers of America, visit www.jewelers.org.

###