

## The Tobacco Industry Labor Management Committee

Support from organized labor and liberal groups associated with organized labor will be essential in 1997 on a number of matters -- both federal and state -- in legislative and regulatory forums. As with the agricultural community, the LMC provides insight the worker's in the tobacco manufacturing industry. The LMC also is able to draw from a politically active labor constituency in directions of mutual concern.

For 1997, we are recommending a two percent increase in the LMC budget. We recommend the same staff/consultant structure as 1996. A complete LMC 1996-97 budget proposal is attached.

Proposed LMC projects and activities for 1997:

- As many studies have shown, cigarette taxes are among the most regressive of all taxes. This argument has been very effective with many policymakers. Unfortunately, most of the materials supporting this argument are outdated and do not reflect the enormous cigarette tax increases of the late 1980s and early 1990s. We recommend that the Labor Management Committee commission a study to explore the impact of consumer excise taxes on individuals across the income class spectrum. **The cost is 40K (new funding).**
- The regressivity, or fairness, of cigarette excise taxes has been a particularly effective argument with policymakers on the political left. In the past, the LMC has supported the efforts of liberal tax groups that emphasize the fairness issue. With the industry expecting several tax battles at the state level, we recommend that the LMC support these groups again this year. **We recommend maintaining the cost of this project at \$30K.**
- The LMC has consistently stressed to the broader organized labor community and policymakers close to that community that the tobacco industry is an important source of high-paying, union jobs. This argument has proved useful in large, federal excise tax battles. Anti-tobacco advocates have attempted to discredit this argument, suggesting that these jobs are easily replaced. In order to counter this criticism, we recommend that the LMC commission a study to explore the economic impact of the closing of the Reidsville, NC manufacturing facility. **We recommend increasing the budget for this project from \$50K to 70K for 1997.**
- Several attempts were made during the 104th Congress to shift federal health programs, particularly Medicaid, to the states. This issue is likely to resurface in the 105th Congress. Many healthcare experts have suggested that this shift will lead to budget shortfalls in several states. We recommend that the LMC commission a liberal think-tank to examine the potential impact of such shifts to the states and to work to

find broad-based funding solutions for states with expected shortfalls. We budgeted 120K for this project in 1996; however, the 1996 estimate is \$90K. Therefore, we recommend decreasing the budget for this project from \$120K to \$90K for 1997.