

July 16, 1992

MEMORANDUM

TO: Kurt Malmgren

FROM: Susan Stuntz

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I had promised you a listing of some of the PAD programs that impact State Activities that could be affected should we be mandated to return to the companies the total amount of monies under budget as of June 30:

1. Several programs are funded through contingency funds that have inadvertently been listed as having been spent in the first half of the year. These include:
  - . Wes Lane, LMC consultant for Minnesota. Lane was rehired for the entire year. If the funds must be returned, he will be given his 30 days' notice effective August 1.
  - . Rick Farley, LMC consultant for New York. After protracted discussions with BC&T, Ed Cleary of the NY AFL-CIO and John O'Connor, we offered Farley a new contract at a reduced rate. He too will be given 30 days' notice effective August 1.
  - . Art Carter, LMC consultant in California retained at the request of Philip Morris will be given 30 days' notice effective August 1.
  - . We agreed to fund New Jersey Citizen Action at an amount comparable to 1991. We will not be able to carry through on that agreement -- this comes at a time when NJCA is completing work on a project designed to heighten their opposition to proposed initiative/referendum legislation in New Jersey.
  - . Production of new public service ads for 1993 will be halted.
  
2. As we had discussed, there are a variety of tax projects in the work for the end of the year. Most of these are designed to set the stage for discussion of progressive tax/anti-excise tax issues as the 1993 legislative sessions get under way. In each case, we are in various stages of discussion with fair tax groups at the national level and in the states on public programs and materials that would provide air cover for liberal legislators looking for reasons to oppose tobacco taxes. These include:

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- . Release and promotion in appropriate states of specific studies focusing on the impact of regressive taxes -- including excise taxes -- on Blacks, Hispanics, women, senior citizens and farmers. Five different studies are in various stages of completion. All are scheduled for release and promotion during the Presidential campaign. Targets will include appropriate state legislators with follow-up by state coalition groups to begin immediately after the election and in advance of the convening of the state legislatures. I think Donoho is aware of at least some of these studies and supportive.
- . Support of tax reform conferences or CTJ studies in Washington State, Connecticut, Illinois. Donoho is aware of at least some and supportive.
- . Seed money (50%) to support the formation of an Illinois Citizens for Tax Justice -- a project we have been working toward for 4 years. The state fed has commitments from the public employee unions to provide 50%; we give the rest. Donoho fully supports it. If we pull out now, there's no starting up again.
- . Support of fair tax coalitions and attendant conferences in Ohio, Michigan and Indiana. Again, Donoho has been pushing for all three.

3. Our alternative to curtailing all of these projects would be to terminate contracts with LMC consultants -- either at the state level or nationally. We could hope to renegotiate at the beginning of 1993 on the same terms, but our ability to do so would be unlikely. And we would lose their services at the very time we need them to begin working with the labor unions on tax and OSHA issues.

4. We are saving some money this year because Jose Villareal, the Hispanic consultant in Texas, is taking a 6-month leave of absence to be national Hispanic coordinator for the Clinton campaign. This will enhance his ability to do coalition work for us when he returns in January, which he fully intends to do. He should be fully funded again next year.

The same goes for Strategy Group (Wilhelm's firm), which is below budget this year because of Wilhelm's absence.

I hope this is helpful. Let me know if you need clarification on any of this.

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